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9-30-1999

JWB FY99 Audited Financial Statements-B

Juvenile Welfare Board of Pinellas County.

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JUVENILE WELFARE BOARD

Financial Statements

September 30, 1999

(With Independent Auditors' Report Thereon)

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. JUVENILE WELFARE BOARD

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po. Box 31002
51. Petersburg, FL 33731-8902

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Po. Box 1439
Tampa, FL 33601-1439

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Independent Auditors' Report

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Members of the Board
Juvenile Welfare Board of Pinellas County, Florida:

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We have audited the accompanying general purpose financial statements of the Juvenile Welfare Board of Pinellas County, Florida, as of and for the year ended September 30, 1999, as listed in the table of contents, These general purpose financial statements are the responsibility of the Juvenile Welfare Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, We believe that our audit provides a reasonable basis for our opinion,

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In our opinion, the general-purpose financial statements referred to above present fairly, in all material

respects, the financial position of the Juvenile Welfare Board, as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles_

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The Year 2000 supplementary information on page 19 is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information_ Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established, In addition, we do not provide assurance that the Juvenile Welfare Board is or will become year 2000 compliant, that the Juvenile Welfare Board's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Juvenile Welfare Board does business are or will become year 2000 compliant.

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In accordance with Government Auditing Standards, - we have also issued our report dated December 3, 1999 on our consideration of the Juvenile Welfare Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants,

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December 3, 1999

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.JUVENILE WELFARE BOARD

Balance Sheet - All Fund Types. Account Groups.
and Discretely Presented Component Unit

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September 30, 1999

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Governmental
Fund Type

Proprietary' Fund Types

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Assets

Cash and cash equivalents
Due from other governments
Due from other agencies
Receivables
Deposit<;
Due from other funds
Due from component unit
Land and improvements
Building and improvements
Furniture, fixtures and equipment
Accumulated depreciation
Amount to be provided for compensated absences

u

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Total assets

u

Liabilities and Equity

Liabilities:

Vouchers and accounts payable

Other payables

Accrued liabilities

Deferred revenue

Due to other funds

Due to primary government

Total liabilities

\$ 4,252,891

30,088

134,300 2,064

152,311 179,751

4,569,590 181,815

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Equity:

Investment in general fixed assets

Contributed capital

Retained earnings, unreserved

Fund balance:

Designated for Coopennan-Bogue

Designated for Disability Benefits

Designated for Future Year's Expenditures

Designated for Sick Leave Pool

Undesignated, unreserved

Total equity

1,682,640

(5,072)

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1,677,568

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Total liabilities and equity

1,859,383

See accompanying notes to financial statements.

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.JUVENILE WELFARE BOARD

Statement of Revenues, Expenditures. and Changes in Fund Balance
All Governmental Fund Types and Discretely Presented Component Unit

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For the year ended September 30, 1999

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Go\:ernmental
Fund Type-
General Fund

Component
Unit-
Pinellas
County'
License
Board

Totals
Reporting Entity
(memorandum only)
1999 1998

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Revenues:
Property taxes
Fees
Intergovernmental
Interest income
Other

Total revenues

\$ 27,456.676
75,918 101.983
138,413 1,586,213
811,403
299.834
28,782.244 1.688,196

27,456,676
177,901
1.724.626
811,403
299.834

30,470,440

26.196.601
154.383
1.740,443
957,494
280,242

29.329,163

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Expenditures:
Administration 3,784,550 3,784,550 3.616.096
Childrens' programs 24,304,645 2,539,787 26,844,432 24,730.282
Non-operating 967,128 967.128 1,393.630
Capital outlay 3,678 47.297 50,975 66.065

Total expenditures	29,060,001	2,587.084	31,647,085	29,806,073
Excess (deficiency) of revenues over expenditures	(277,757)	(898,888)	(1,176,645)	(476,910)
Other financing sources (uses):				
Operating transfers from JWB	(912,711)	912,711		
Operating transfers from enterprise fund	12,717	12,717	34.518	
Total other financing sources (uses)	(899,994)	912,711	12,717	34.518
Excess (deficiency) of revenues over expenditures and other financing sources	(1,163,928)	(442,392)	13,823	
Fund balance – beginning of year	9,271,827	255.317	9,527.144	
	9,969.536			
Fund balance – end of year \$	8,094,076	269,140	8,363,216	9,527.144

See accompanying notes 10 financial statements.

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JUVENILE WELFARE BOARD

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund

For the year ended September 30, 1999

	Variance				
	Original Budget	Amended Budget	Favorable (Unfavorable)		
Revenues:					
Property taxes	\$ 27,175,235	\$ 27,175,235	\$ 27,456,676	281,441	
Fees	47,400	47,400	75,918	28,518	
Intergovernmental	138,750	138,750	138,413	(337)	
Interest income	700,000	700,000	811,403	111,403	
Other	319,685	420,008	299,834	(120,174)	
Total revenues	28,381,070	28,481,393	28,782,244	300,851	f? 'l' /%
Expenditures:					
Administration	3,969,131	4,172,230	3,784,550	387,680	
Children's programs	26,711,276	26,722,822	24,304,645	2,418,177	<, ". (, ;2-Yo
Non-operating	1,002,989	1,002,989	967,128	35,861	""f'L
Capital outlay	3,678	3,678			
Total expenditures	31,683,396	31,901,719	29,060,001	2,841,718	
Excess (deficiency) of revenues over expenditures	(3,302,326)	(3,420,326)	(277,757)	3,142,569	
Other financing sources (uses):					
Operating transfers from JWB	(912,711)	(912,711)	(912,711)		
Operating transfers from enterprise fund	12,717	12,717			
Total other financing uses	(899,994)	(899,994)			
Excess (deficiency) of revenues over expenditures and other financing uses	(3,302,326)	(3,420,326)			
	(1,177,751)	2,242,575			
Fund balance - beginning of year			9,271,827		
Fund balance - end of year			8,094,076		

See accompanying notes to financial statements.

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JUVENILE WELFARE HOARD

Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types -

For the year ended September 30, 1999

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Total Reporting Entity Internal (memorandum only) Enterprise Scryce	1999	1998
Operating revenues:		
Charges for services	\$ 165,324	257,526
Other	112,524	422,850
Total operating revenues	165,324	257,526
Operating expenses:		
Personnel services	73,055	73,055
Contractual services	32,327	32,327
Utilities	111,565	111,565
Supplies	4,059	4,059
Repairs and maintenance	23,875	72,246
Other operating expenses	2,691	15,293
Depreciation	33,945	65,005
Total operating expenses	60,511	373,550
Operating income (loss)	104,813	(116,024)
Operating transfers out	(12,717)	(12,717)
Net income (loss)	92,096	(116,024)
Depreciation on contributed assets	24,250	57,936
Increase (decrease) in retained earnings	116,346	(58,088)
Retained earnings - beginning of year	309,092	53,016
Retained earnings (deficit) - end of year	\$ 425,438	(5,072)

362,108

See accompanying notes to financial statements.

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. JUVENILE WELFARE BOARD

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Statement of Cash Flows -
All Proprietary Fund Types

For the year ended September 30, 1999

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Cash flows from operating activities:

Operating income (loss) \$

Adjustments to reconcile operating income (loss) to net
cash provided by operating activities:

Depreciation

Decrease (increase) in due from other governments

Decrease (increase) in due from other agencies

Decrease in other receivables

Decrease in deposits

Increase in due from other funds

Increase (decrease) in vouchers payable

Increase in accrued liabilities

Decrease in deferred revenue

Increase in due to other funds

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Net cash provided by operating activities

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Cash flows used in noncapital financing activities—
Operating transfers out

Cash flows used in capital financing activities –
Acquisition of fixed assets

0

Net increase in cash

0

Cash – beginning of year

Cash – end of year

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See accompanying notes to financial statements.

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Total
Reporting Entity),
(memorandum only)
1999 1998

(11,211)

98,950

2,817

23,524

(125,792)

(15,520)

325

40,625
13,718

(12,717)

(1,001)

158,620

98,950
(14,534)
(23,524)
19,286
17,079
(143,203)
11,720
227
(7.453)
12,761

129,929

(34,518)

(95.411)

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JUVE\ \ 'ILE WELFARE BOARD

Notes to Financial Statements

September 30, 1999

(I)

Organization

The Juvenile Welfare Board of Pinellas County (Juvenile Welfare Board or JWB) was established by Legislature through Chapter 23483 Special Acts of 1945 and approved by Pinellas County voters in 1946. The purpose of JWB is to provide social services to children.

(2)

Summary of Significant Accounting Policies and Practices

The accounting principles of the Juvenile Welfare Board conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant policies and practices:

(a) Reporting Entity and its Operations

The Juvenile Welfare Board is an independent taxing authority governed by a nine-member board. As required by generally accepted accounting principles, these financial statements present the Juvenile Welfare Board and its component unit.

The component unit discussed below is included in JWB's reporting entity because of the significance of its operational or financial relationship with JWB. Its financial data is reported in a separate column to emphasize that it is legally separate from JWB.

The Pinellas County License Board, consistent with Special Act Chapter 61-2681 amended by Chapter 70-893 Laws of Florida, licenses children's centers and family day care homes in Pinellas County. The Juvenile Welfare Board has the ability to significantly influence the personnel operations and has accountability for fiscal matters of the agency. One JWB Board member is also appointed as a member of the Pinellas County License Board of Directors.

Complete financial statements of the component unit can be obtained by

contacting their
administrative office: Pinellas County License Board and Child Care
Food Program, 6698 68th
Avenue North, Suite C, Pine lias Park, Florida, 33781-5060.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

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September 30, 1999

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(b) Basis of Preselltation

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A governmental accounting system should make it possible (a) to show that all applicable legal provisions have been complied with and, (b) to determine fairly and with full disclosure the financial position and results of financial operations of thc agency. To accomplish these goals the accounts of JWB are organized and operated on a fund basis in accordance with the principles of fund accounting. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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Governmental Fund Types

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General Fund – The General Fund is the general operating fund of JWB. It is used to account for all of its financial resources.

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Proprietary Fund Types

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Enterprise Fund – The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

o

Internal Service Fund – The Internal Service Fund is used to account for the financing of goods or services provided by one department to other departments of JWB or to other governments on a cost reimbursement basis.

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JWB has elected under Governmental Accounting Standards Board (GAS B) No. 20, "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that Use Proprietary Fund Accounting", to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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Accoulll Groups

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General Fixed Assets Account Group – Accounts for general fixed assets acquired for JWB purposes.

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General Long-Term Debt Account Group Accounts for outstanding balances of long-term obligations (accrued compensated absences).

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JUVENILE WELFARE BOARD

Notes to Financial Statements

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September 30, 1999

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(c) Measurement Focu" and Basis of Accounting

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All governmental funds are accounted for using a flow of current financial resources measurement focus, Only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets, JWB uses the modified accrual basis of accounting for its governmental fund and its

component unit. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available), "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, JWB's revenues susceptible to accrual are property taxes, intergovernmental, interest, and fees,

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Proprietary funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred, The accounting and reporting policies of JWB conform to the accounting rules prescribed by the GASB.

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(d) Budget Process and Legal Compliance

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JWB uses the following procedures in establishing the budgetary data reflected in the financial statements:

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. Before August 1, the Executive Director submits to the Board a proposed departmental and program budget for the fiscal year commencing October 1, The budget includes proposed expenditures and the means of financing them. There is a separately issued budget report prepared for the budgetary control process.

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. Two formal public hearings are held to obtain taxpayers' comments,

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. Florida Statutes, Chapter 120 and 200 govern the preparation, adoption, and administration of JWB' s annual budget.

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. Before October 1, the budget is legally enacted through passage of a resolution by the Board and delivered to the Board of County Commissioners of Pinellas County,

Q

. Budgetary control is maintained at the departmental and program level (e.g, salaries, benefits, copy costs, and telephone), The Executive Director is authorized to transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within a department or program, The Board may, by resolution accept a receipt from a source not anticipated, and transfer from contingency or an appropriated balance or portion thereof to a department or prob'Tam.

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JUVENILE WELFARE BOARD

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Notes to Financial Statements

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September 30, 1999

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. The annual budget serves as the legal authorization for expenditures. All unexpended appropriations lapse at fiscal year end.

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. Budgets presented for governmental funds in these financial statements have been prepared on the modified accrual basis of accounting, except for encumbrances. Encumbrances are part of the overall budgetary control process and thus are included in the Budgetary Basis - Actual column with the related expenditures when a comparison with budget is made.

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. Supplemental budget appropriations are sometimes necessary during the year. The Board authorized budget appropriation amounts of \$218,323 during fiscal year 98-99. The amount occurred due to the authorization for expenditures on five additional grants.

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(e) Cash Equivalents

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Cash equivalents are defined as short-term, highly liquid debt instruments that are both readily convertible to known amounts of cash and have original maturities of three months or less.

o

(j) Fixed Assets

o

Fixed assets used in governmental fund-type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. General fixed assets

purchased are recorded as expenditures in the General Fund at the time of purchase. Such assets are capitalized at cost where historical records are available and at an estimated historical cost where no historical records exist. Gifts or contributions are recorded in the General Fixed Assets Account Group at estimated fair value at the time received.

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(g) Property, Plant and Equipment – Proprietary Funds

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Property, plant and equipment are stated at cost or estimated historical cost. Depreciation taken on contributed assets is closed out to contributed capital. Depreciation is provided using the straight-line method over an estimated useful life of the related assets. The estimated useful lives are as follows:

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Property classification

Estimated
useful life

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Buildings
Improvements
Furniture and other equipment

30 years
10 years
10 years

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(Continued)

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.JUVENILE WELFARE BOARD

Notes to Financial Statements

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September 30, 1999

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(II) Encumbrances

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Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end, if any, are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

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(i)

Compensated Absences

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It is JWB's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick-pay benefits, which will be paid to employees upon separation from IWB service. These liabilities are recorded in the general long-term debt account group since they would normally not be liquidated with expendable available financial resources.

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(j) Use of Estimates

o

Management of JWB has made a number of estimates and assumptions relating to the reponing of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

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(k) Total Colunllls on Combined StatemeJIIts

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Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

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(I)

Comparative Data

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The financial information for the year ended September 30, 1998 presented for comparative purposes is not intended to be a complete presentation.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 1999

(3)

Cash and Cash Equivalents

Cash and cash equivalents included in the accompanying balance sheet consists of the following at September 30, 1999:

Petty cash
Deposits with commercial banks
Deposit with Florida State Board of Administration

\$ 100
11,020,886
663,461

\$ 11,684,447

Deposits are maintained with commercial banks, which are organized under the laws of the State of

Florida and the laws of United States, and are insured by the Federal Deposit Insurance Corporation to legal limits. Security for deposits in excess of insured levels is required to be provided by the banks by the Florida Security for Public Deposits Act, which authorizes a collateral pool administered by the State to ensure no loss of public funds.

Participants in the Florida State Board of Administration Fund with accounts less than \$20,000,000 are placed in a pooled investment account. The deposits of \$663,461 are neither insured nor collateralized and are stated at fair value. The State Board's Fund is comprised of bankers' acceptances, certificates of deposit, commercial paper, federal agency obligations, medium-term notes and floating rate notes, repurchase agreements, treasury bills, notes, and bonds.

(4)

Changes in General Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance	Balance		
Furniture, fixtures and equipment	October 1, 1998	September 30, 1998	Additions 1998	Deductions 1999
JWB	\$ 434,766	60,310	(55,743)	439,333
PCLB	176,673	47,644	(11,100)	213,217
	\$ 611,439	107,954	(66,843)	652,550

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Notes to Financial Statements

September 30, 1999

(5)

General Long-Term Obligations

General long-term obligations represent accumulated unpaid compensated absences. The cost of such benefits is recognized in the General Fund when payments are made to employees. A long-term liability of \$438,457 for JWB and \$109,958 for PCLB of accrued compensated absences at September 30, 1999, has been recorded in the General Long-Term Debt Account Group, representing the commitment to fund such costs from future operations. The amount has reduced due to the attrition of prior Component Unit employees.

Accrued
compensated
absences

Outstanding October 1, 1998
Net additions/retirements

\$

611,835
(63,420)

Outstanding September 30, 1999

\$

548,415

(6)

Employee Retirement Plan

Substantially all Juvenile Welfare Board employees are eligible to participate in the Florida State Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended September 30, 1999 was \$3,652,848 and the Juvenile Welfare Board's total payroll was \$4,642,848. Employees are not obligated to contribute.

All JWB full-time and part-time employees are eligible to participate in the System. Employees who retire at or after age 62 with 10 years of credited service, or with 30 years of services regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6 percent of their average final compensation for each year of credited service. Average final compensation is the employee's average annual compensation of the five highest years of compensation of credited service. Early retirement is available after 10 years of service with a 5 percent reduction of benefits for each year prior to the normal retirement age. The System also provides death and disability benefits. Benefits are established by Florida Statute Chapter 121 and Florida Administrative Code Chapter 22B.

JWB is required by Florida Statute to contribute the amounts necessary to pay benefits when due. Statewide statutes establish contribution rates and if accumulated funds are insufficient to pay the benefits due, future contributions to the plan will be adjusted accordingly. The current rate is 10.15 percent of covered payroll. The actuarially determined contribution required and made by JWB for the years ending September 30, 1999, 1998, and 1997 were \$685,962, \$828,606, and \$883,576, respectively, equal to the required contributions for each year.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 1999

The system publishes an annual report that provides ten-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. The most recent available report is for the plan year ended June 30, 1999. That report may be obtained by writing to Research Education and Policy Section, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (904) 488-2872.

(7)

Operating Lease - Rent Income

The Board, as a lessor, has a lease agreement on its Pinellas Park administrative office facilities, which expires in fiscal 2002. The Board as a lessor, has a lease agreement on its 49th Street Office facilities which expires in fiscal 2002. The following is a schedule of the future rental income at September 30, 1999:

Fiscal year ending	Internal Service	Enterprise
2000	\$ 201,031	152,604
2001	201,031	179,854
2002	201,031	218,004
	\$ 603,093	550,462

(8)

Fund Equity

(a) Designated for Cooperman-Bogue

The Board designates these funds for its annual Cooperman-Bogue awards.

(b) Designated for Disability Benefits

Beginning in fiscal year 1982, the JWB assumed risk management activities for disability because the Pinellas County Board of County Commissioners could no longer carry JWB under its coverage. Under this program, charges for claims incurred are made directly to expenditures and claims incurred but not reported as of September 30 are accrued. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. No excess insurance coverage has been acquired or needed since inception for any claims. A valuation report is prepared by staff each year to estimate the amounts needed to pay prior and future claims and to establish the reserve. The Juvenile Welfare Board has designated a portion of equity as a reserve for loss contingencies.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 1999

Activity in the designated balance for the year was as follows:

Beginning balance, October 1, 1998
Additions
Disability claims

\$

260,650
34,501
(20,706)

Ending balance September 30, 1999

\$

274,445

(c) Designated for Future Year's Expenditures

The fiscal Budget Resolution appropriated the amount of \$4,639,822 from the fiscal 1999 year end fund balance for expenditures authorized in excess of anticipated revenue during the fiscal 2000 year and for future years.

(d) Designated for Sick Leave Pool

The Board designated the Sick Leave Pool for Extended Illness (SLPEI) to allow participating employees to be eligible for additional benefits while on short-term disability. Short-term disability begins either on the eighth day or when sick leave is exhausted if more than eight days of sick leave have been accumulated. If the participating employees have exhausted their sick leave during the initial seven (7) days of disability, the SLPEI may be used. In addition, the SLPEI may be used to offset the difference between disability pay and full pay. Employees who

participate in the SLPEI may withdraw up to 75 hours per incident.

(e) Retained Earnings Deficit Internal Service Fund

As of September 30, 1999, the internal service fund had a deficit in retained earnings of \$5,072.

This deficit is intended to be resolved through an increase in charges to other funds.

(9)

Property Tax Revenue

JWB is a special taxing district, which is authorized to levy an ad valorem tax. The millage rate shall not exceed \$1.00 for each \$1,000 of assessed valuation of all properties within Pinellas County. For the year ended September 30, 1999, a rate of .817 mills was assessed.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 1999

Property taxes attach an enforceable lien on property as of March 1. Property taxes are levied on October 1 and become payable on November 1 of each year. A declining discount is allowed when taxes are paid during the following months: November 4 percent, December 3 percent, January 2

percent and February 1 percent. Taxes become delinquent on April 1 each year and tax certificates for the full amount of any unpaid taxes must be sold no later than June 1 each year. The Pinellas County Property Appraiser and Tax Collector administer the assessment and collection of taxes. JWB recognizes property tax revenue on a cash basis as it is received from the Tax Collector.

Property Tax Calendar:

January 1

Property taxes are based on assessed value as of this date as determined by the Pinellas County Property Appraiser
Assessment roll validated by the Juvenile Welfare Board
Millage resolution approved by the Juvenile Welfare Board of Directors
Beginning of fiscal year for which taxes have been levied
Property taxes due and payable
Unpaid property taxes become delinquent
Tax certificates are sold by the Pinellas County Tax Collector

July 1
September 30

October 1
November 1
April 1
June 1

(10) Non-Operating Expenditures

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The major components of non-operating expenditures are the commissions paid to the Pinellas County Property Appraiser and Tax Collector. The budget of the Property Appraiser's office, as approved by the Department of Revenue, is the basis upon which taxing authorities of the county (except municipalities and the district school board) are billed by the Property Appraiser for services rendered. Each taxing authority is billed an amount that bears the same proportion to the total amount of the budget as its share of ad valorem taxes bore to the total levied for the preceding year. JWB paid \$309,891 to the Property Appraiser in the year ended September 30, 1999.

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The tax collector's actual costs of collection must not exceed 2 percent of the tax revenues collected. JWB's fee charges for the year amounted to \$345,480 or 1.26 percent of tax revenues collected, as compared to 1.45 percent last year.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

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September 30, 1999

(11) Grant Contingency

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Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time although the JWB expects such amounts, if any, to be immaterial.

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JUVENILE WELFARE BOARD

Required Supplementary Information (Unaudited)

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September 30, 1999

Year 2000

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The Juvenile Welfare Board completed a process of technology overview during the spring of 1999. Arthur Andersen consultants were hired to assist staff in making recommendations to the Board. JWB spent \$304.398 during fiscal 1999 in technology upgrades and training. An amount of \$349.500 has been appropriated for fiscal year 2000 expenditure. In order to achieve

computer systems and electronic equipment year 2000 - compliance, JWB utilized the following stages of work:

A wareness Stage

JWB issued a Request for Proposal (RFP) during the fall of 1997 in order to review and plan major tasks and due dates to deal with the year 2000 issue.

Assessment Stage

JWB contracted in January 1998 with Arthur Andersen Business Consulting to produce an Information Systems Plan by April 1998 regarding JWB's technology. In May 1998, Board approval was obtained, based upon an RFP release for hardware and software, to contract with Progressive Business Solutions for the implementation of the technology solutions identified in the Information Systems Plan. GTE was selected as the contractor for upgrading the telephone technology. JWB assessed all other electronic equipment for Y2K compliance through March 1999.

Remediation Stage

Installation and conversion of systems and technology occurred during the summer of 1998.

Validation/Testing Stage

As of October 1998, JWB telephone and computer technology were in service. JWB internal and external e-mail capabilities were installed in January 1999 and the JWB website became available in April 1999.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that JWB is or will be year 2000 ready, that JWB's remediation efforts will be successful in whole or in part, or that parties with whom JWB does business will be year 2000 ready.

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JUVENILE WELFARE BOARD

Schedule of Expenditures of Federal Awards

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For the year ended September 30, 1999

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Federal Grantor/Pass Through
Grantor/Program Title

Federal
CFDA#

U.S. Department of Agriculture:
Passed through Florida Department of Education
Child Care Food Program

Total U.S. Department of Agriculture

10.558

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U.S. Department of Health and Human Services:
Passed through Florida Department of Children and Families
Greater Ridgecrest Area Neighborhood Planning Grant

29.355

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Passed through Florida Department of Children and Families
Licensing Enhancement Program
Licensing Enhancement Program

Total Program

93.575

93.575

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Passed through Florida Department of Children and Families
and the Pinellas County School Board

Licensing Training Program
Licensing Training Program

Total Program

Total U.S. Department of Health and Human Services

93.667
93.667

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Total Expenditures of Federal Awards

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See accompanying notes to Schedule of Expenditures of Federal Awards.

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Grant or
Contract number

06-0001

EJ8B4

EJ9A6
EJ8A4

EJ9A3
EJ8A6

Federal
Expenditures

\$ 1.250.928

1.250.928

20.811

65,311
252.253

317.564

3,750
11.250

15,000

353.375

\$

1,604,303

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. JUVENILE WELFARE BOARD

Notes to Schedule of Expenditures of Federal Awards

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For the year ended September 30, 1999

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(1) Basis of Presentation

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The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Juvenile Welfare Board and its component unit, the Pinellas County License Board, and is presented on the modified accrual basis of accounting. The information in this

schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

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(2)

Subrecipients

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Of the federal expenditures presented in the schedule, the Juvenile Welfare Board provided no federal awards to any subrecipients.

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(3) Relationship to General Purpose Financial Statements

When Federal financial assistance is reported as intergovernmental revenue in the general purpose financial statements.

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JUVENILE WELFARE BOARD

Schedule of State Financial Assistance

For the year ended September 30, 1999

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State Agency and
Program Title

Florida Department of Education:
Child Care Food Program

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Passed through Lead Start Child Development & Family Services, Inc.
Pinellas Early Childhood Collaborative (PECC)

Total Florida Department of Education

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Florida Department of Children and Families:
Licensing Enhancement Program
Licensing Enhancement Program
Total Program

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Passed through Pinellas County School Board
Licensing Training Program
Licensing Training Program

Total Program

Total Florida Department of Children and Families

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Federal

CFIJA#

StateConlucU
Grant Number

S'ale
Receipts

Federal
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Total
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1.265.]00 IA) 1.265.160
411.523
1.265.160 1,311.683
288,486 (Al 2118.486
(AI
288.486 2811,4116
12.500 IAI 12.500
:2,500 (A) 2.500
15.000 15.000
303,486 303,486
1.568.646 (B) 1.615,169

10.558

06-000 I \$

523-90670-9CPPI

46.523
46.523

H575
93.575

EJ8A-l
Fj9A6

93.667
93.667

E18A6
EJ9A3

\$ 46.523

(A) State Grant and Aids Appropriations moneys The grand total of State Grant and Aids Appropriations money received is \$1,561,646. (En \$1,249,048 of this amount is included in the expenditures presented in the Schedule of Federal Awards.

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Reconciliation from Cash Basis to Accrual Basis for State Receipts.

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Accrued revenue at October 1, 1998
Expenditures recognized as revenue in current year
Cash receipts

Accrued revenue at September 30, 1999

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See accompanying notes to Schedule of State Financial Assistance.

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Department of
Department of Children and
Education Family Total
\$ 148,648 17,481 186,131
1,297,451 1,564,015
0,111,681 (303,486) (1,615,169)
\$ 134,416 66,561 400,977

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JUVENILE WELFARE BOARD

Notes to Schedule of State Financial Assistance

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For the year ended September 30, 1999

(1) General

The accompanying schedule of state financial assistance presents the activity of all state financial assistance programs of the Juvenile Welfare Board (JWB). The JWB reporting entity is defined in Note 1 to JWB's general purpose financial statements for the year ended September 30, 1999. All state financial assistance, as well as federal financial assistance passed through the state, are included in the schedule.

(2) Basis of Accounting

The accompanying schedule of state financial assistance is presented on the cash basis, a comprehensive basis of accounting other than generally accepted accounting principles, in accordance with the Rules of the Auditor General, Chapter 10.600.

(3) Relationship to General Purpose Financial Statements

State financial assistance is reported as intergovernmental revenue in the general purpose financial statements.

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Independent Auditors' Report on Compliance
and on Internal Control Over Financial Reporting
Based on an Audit of General Purpose Financial Statements
Performed in Accordance With Government Auditing Standards

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Members of the Board
Juvenile Welfare Board of Pinellas County, Florida:

We have audited the general purpose financial statements of the
Juvenile Welfare Board of Pinellas County,
Florida, as of and for the year ended September 30, 1999, and have
issued our report thereon dated
December 3, 1999. We conducted our audit in accordance with generally
accepted auditing standards and
the standards applicable to financial audits contained in Government
Auditing Standards. issued by the
Comptroller General of the United States.

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Compliance

As part of obtaining reasonable assurance about whether the Juvenile
Welfare Board's general purpose

financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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Internal Control Over Financial Reporting

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In planning and performing our audit, we considered the Juvenile Welfare Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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This report is intended solely for the information and use of the officials of the members of the board,

management and federal awarding agencies and pass-through entities,
and is not intended to be and should
not be used by anyone other than these specified parties.

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December 3, 1999

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Independent Auditors' Report on
Compliance With Requirements Applicable to Each
Major Program and Internal Control Over Compliance
in Accordance With OMB Circular A-B3

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Members of the Board
Juvenile Welfare Board of Pine lias County, Florida:

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Compliance:

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We have audited the compliance of the Juvenile Welfare Board of Pine
lias County, Florida with the types of
compliance requirements described in the "U.S. Office of Management
and Budget (OMB) Circular A-133
Compliance Supplement" that are applicable to its major federal
program for the year ended September 30,
1999. The Juvenile Welfare Board's major federal program is identified
in the summary of auditors' results
section of the accompanying schedule of findings and questioned costs.
Compliance with the requirements
of laws, regulations, contracts, and grants applicable to its major
federal program is the responsibility of the
Juvenile Welfare Board's management. Our responsibility is to express
an opinion on the Juvenile Welfare
Board's compliance based on our audit.

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We conducted our audit of compliance in accordance with generally
accepted auditing standards; the
standards applicable to financial audits contained in Governmental
Auditing Standards, issued by the
Comptroller General of the United States; and OMB Circular A-133,
"Audits of States, Local Governments,
and Non-Profit Organizations". Those standards and OMB Circular A-133
require that we plan and perform
the audit to obtain reasonable assurance about whether noncompliance
with the types of compliance
requirements referred to above that could have a direct and material
effect on a major federal program
occurred. An audit includes examining, on a test basis, evidence about
the Juvenile Welfare Board's
compliance with those requirements and performing such other
procedures as we considered necessary in the
circumstances. We believe that our audit provides a reasonable basis
for our opinion. Our audit does not
provide a legal determination on the Juvenile Welfare Board's
compliance with those requirements.

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In our opinion, the Juvenile Welfare Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30,1999.

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Internal Control Over Compliance

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The management of the Juvenile Welfare Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Juvenile Welfare Board's internal control over compliance with requirements that could have a direct and material effect on a major

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Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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Schedule of Expenditures of Federal Awards

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We have audited the general purpose financial statements of the Juvenile Welfare Board of Pinellas County, Florida, as of and for the year ended September 30, 1999, and have issued our report thereon dated December 3, 1999. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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This report is intended solely for the information and use of the members of the Board, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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December 3, 1999

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Independent Auditors' Report on

Examination of Management's Assertion
About Compliance With Specified Requirements

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Members of the Board
Juvenile Welfare Board of Pinellas County, Florida:

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We have examined management's assertion about the Juvenile Welfare Board of Pinellas County, Florida's compliance with the allowable cost requirements established in the grant agreements applicable to the State grants and aids appropriations identified on the Schedule of State Financial Assistance for the year ended September 30, 1999 included in the management representation letter. Management is responsible for the Juvenile Welfare Board's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Juvenile Welfare Board's compliance based on our examination.

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Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Juvenile Welfare Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Juvenile Welfare Board's compliance with specified requirements.

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In our opinion, management's assertion that the Juvenile Welfare Board of Pinellas County, Florida complied with the aforementioned requirements during the year ended September 30, 1999, is fairly stated, in all material aspects.

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This report is intended solely for the information and use of the members of the Board, management and applicable State awarding agencies, and is not intended to be and should not be used by anyone other than these parties.

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December 3, 1999

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JUVENILE WELFARE BOARD

Schedule of Findings and Questioned Costs

For the year ended September 30, 1999

(1)

Summary of Auditor's Results

(a) An unqualified opinion was issued on the general purpose financial statements.

(b) There were no reportable conditions or material weaknesses in internal control disclosed by the audit of the general purpose financial statements.

(c) There was no noncompliance which is material to the general purpose financial statements.

(d) There were no reportable conditions or material weaknesses in internal control over major programs.

(e) An unqualified opinion was issued on compliance for major programs.

(I) There were no audit findings which are required to be reported under Section .510(a) of OMB Circular A-133.

(g) Major program:

CFDA #

U.S. Department of Agriculture:
Child Care Food Program

10.558

(h) A \$300,000 dollar threshold was used to distinguish between Type A and Type B programs.

(i) The auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133.

(2)

Findings Relating to the General Purpose Financial Statements
Reported in Accordance With Government Auditing Standards

None.

(3)

Findings and Questioned Costs Relating to Federal Awards

None.

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Management Letter

Members of the Board
Juvenile Welfare Board of Pinellas County, Florida:

We have audited the general purpose financial statements of the Juvenile Welfare Board of Pinellas County, Florida as of and for the year ended September 30, 1999, and have issued our report thereon dated December 3, 1999.

In planning and performing our audit of the general purpose financial statements of the Juvenile Welfare Board, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

Furthermore, our audit was not designed to, and does not, provide any assurance that a Year 2000 issue which may exist will be identified, or on the adequacy of the Juvenile Welfare Board's remediation plans related to Year 2000 financial or operational issues, or on whether the Juvenile Welfare Board is or will become Year 2000 compliant on a timely basis. Year 2000 compliance is the responsibility of management.

A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. However, we noted no matters involving internal control

and its operation that we consider to be material weaknesses as defined above.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of governmental audits performed in the State of Florida.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies, and are summarized in Appendix A.

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The Rules of the Auditor General require that we comment on whether irregularities reported or recommendations made in the preceding annual financial audit have been corrected. Those comments have been addressed and/or resolved by the Juvenile Welfare Board as of September 30, 1999 and are summarized in Appendix B.

As required by the Rules of the Auditor General, we determined that the Juvenile Welfare Board's fiscal year 1999 annual financial report, which was filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the audited financial statements for the same period.

Further, as required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, nothing came to our attention that caused us to believe that the Juvenile Welfare Board met any conditions indicative of a state of financial emergency as defined in that Section.

The Rules of the Auditor General also require that we report on the Juvenile Welfare Board's legal authority or enabling act. In that regard, the Juvenile Welfare Board is an independent special taxing district created by the State of Florida (Chapter 23483, Special Acts of 1945) and approved by Pinellas County, Florida voters in 1946.

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Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Juvenile Welfare Board's organization gained during

our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the members of the Board, management, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

KPMG- LCP

December 3, 1999

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Appendix A

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Cnrrrent Year Comments and Recommendations

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Indirect Cost Reimbursement

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JWB does not currently receive indirect cost reimbursement for certain grant awards. Certain of the grant awards received by JWB do allow for reimbursement of indirect costs. We recommend that JWB consider the cost effectiveness of establishing an indirect cost plan and applying for reimbursement of indirect costs relating to grants.

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Changes in the Government Reporting Model

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After years of study and consideration of the needs of users of government financial statements, the Governmental Accounting Standards Board (GASB) issued its revolutionary new reporting model in June 1999. The new model dramatically changes the presentation of governments' external financial statements. In the GASB's view, the objective of the new model is to enhance the clarity and usefulness of government financial statements to the citizenry, oversight bodies, investors and creditors. It will substantially affect the JWB's financial data accumulation and financial statement presentation processes. Some of the key aspects of the changes follow:

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Management's Discussion and Analysis (MD&A) – A comprehensive MD&A will now be included as required supplementary information. The MD&A will introduce the financial statements by presenting an analysis of the government's financial performance for the year and its financial position at year-end. The MD&A will be in addition to the transmittal letter currently required for Government Finance Officers Association (GFOA) award candidates, but we expect that the GFOA will make changes in their requirements so as to avoid any duplication between the two documents.

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Government-Wide Reporting – Local Governments will be required to report financial operations and net assets, not only at the fund perspective for governmental activities, but will also have to prepare statements at the government-wide level. This level will distinguish between government and business type activities. All information at the government-wide level will be reported using the economic resources measurement focus and accrual basis of accounting, as enterprise funds do under the current model. Fiduciary activities will be excluded from the government-wide level of reporting. General government fixed assets, including infrastructure, and long term

liabilities of the government will need to be reported with all other governmental assets and liabilities.

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Statement of Activities – Governments will now be required to use a "net program cost" format for the government-wide statements instead of a traditional operating statement. This new format groups revenues and expenses by functional categories (such as public safety, public works, etc.). The purpose of the new statement is to inform readers about the cost of specific functions and the extent to which they are financed with program revenues or general revenues of the government. Governments will have the option of reporting both direct and indirect program costs. Depreciation expense will now generally be reflected as a cost in the statement of activities.

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Fund Level Reporting – Fund level financial statements will still be required and will provide information about the Local Government's fund types, including fiduciary funds and blended component units. General capital assets and general long-term liabilities will only be reported at the government-wide level. Fund level reporting will continue to focus on fiscal accountability and reflect the flows and balances of current financial resources. The modified accrual basis of accounting will continue to be used at the fund level, except for proprietary and fiduciary funds which would continue reporting based on economic resources and the accrual method of accounting. A reconciliation between the fund and the

government-wide statements will be required on the face of the fund statements. Finally, proprietary fund cash flows statements must be presented using the direct method.

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Presentation of Budgetary Information – The standard requires budgetary statements for the general fund and certain other governmental funds as required supplementary information. The original adopted budget of the Local Government as well as the final revised budget must be presented. Actual results on a budgetary basis will need to be reconciled to the GAAP (generally accepted accounting principles) basis on the face of the statements.

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The effective date of the new pronouncement will require implementation by the JWB for its year ending September 30, 2003. The magnitude of these changes and the time required to prepare for implementation should not be underestimated. We recommend that the JWB begin to look at its systems and processes to ensure that the required information will be available to ensure timely implementation. Further, we recommend that the JWB consider the cost of required changes to its systems and processes to ensure availability of necessary funds in its upcoming budget.

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Appendix B

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Status of Prior Year (1998) Recommendations

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Leases

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Recommendation:

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We noted that the Juvenile Welfare Board has not obtained renewal leases for spaces occupied by Headstart and the Pinellas County Licensing Board for leases which expired during 1998. We recommend that the Juvenile Welfare Board perform an assessment of the cost per square foot of the facilities occupied to determine an appropriate rental cost and obtain written lease agreements which will legally outline each parties' rights and responsibilities.

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Status:

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During 1999, new leases were obtained for all renewals.

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Year 2000 Issues

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Recommendation:

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In connection with our audit of your 1998 general purpose financial statements, we asked management to complete a "Year 2000 Issues Questionnaire." A primary purpose of the questionnaire was to provide us with a general understanding of the impact of Year 2000 issues on your electronic processing of transactions and data, the status of activities to remediate such impact, and the level of senior management and Board of Director participation in or awareness of those activities. As a result of information obtained in connection with completion of the Questionnaire and information that otherwise came to our attention during our audit, we have the following observations and recommendations:

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. The Juvenile Welfare Board's Year 2000 project team periodically provides reports to senior management. Given that the millennium is less than a year away, we recommend that a mechanism be developed by the project team to provide information on the status of its activities monthly to senior management and the Board of Directors.

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. Even though your computerized systems may be renovated and placed into operation in time to process Year 2000 dates, unforeseen hardware or software failures caused by the Year 2000 issue may occur after the date on which the Juvenile Welfare Board's operational or financial systems are first impacted. We recommend that procedures be developed to monitor the processing of transactions and data by such systems and to identify and correct errors that may occur.

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Status:

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J\VB's Year 2000 project was completed during the summer of 1999. JWB will continue to monitor this issue well into year 2000.

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Action

Item II. A.
Regular Meeting 4/13/00

TO:

Juvenile Welfare Board Members

FROM:

James E. Mills, Executive Director
Lisa Sahulka, Director of Programs & Finance
Sue Walterick, Finance Director

Requested Action

The Board is requested to accept by resolution the 1999 Annual Financial Report and the accompanying management letter.

Options

1. Accept the 1999 Annual Financial Report and accompanying management letter.
2. Reject and direct staff to proceed at the request of the Board.

Recommended Action

1. Accept the 1999 Annual Financial Report and the accompanying management letter.

Source of JWB Funds

Not applicable.

Fiscal Impact

Not applicable.

Narrative

Attached is a copy of the FY 1998-99 Annual Financial Report and the accompanying management letter.

The firm of KPMG Peat Marwick completed the audit. The Annual Financial Report has been prepared consistent with applicable state statutes and the reporting standards of the Government Accounting Standards. This certifies the accuracy and integrity of the fiscal policies and procedures of the Juvenile Welfare Board.

The accompanying management letter raises the following issues and makes specific recommendations to which management comments below:

CURRENT YEAR COMMENTS

INDIRECT COST REIMBURSEMENT

IT IS RECOMMENDED THAT JWB CONSIDER THE COST EFFECTIVENESS OF ESTABLISHING AN INDIRECT COST PLAN AND APPLYING FOR REIMBURSEMENT OF INDIRECT COSTS RELATING TO GRANTS.

ManagementResponse

Management concurs and appropriate action has already begun. Staff will review the appropriate OMB Circulars that are related to this contract and determine options pertinent to this decision.

CHANGES IN THE GOVERNMENT REPORTING MODEL

IT IS RECOMMENDED THAT JWB BEGIN TO LOOK AT ITS SYSTEMS AND PROCESSES TO ENSURE THAT THE REQUIRED INFORMATION WILL BE AVAILABLE TO ENSURE TIMELY IMPLEMENTATION. IT IS ALSO RECOMMENDED THAT THE JWB CONSIDER THE COST OF REQUIRED CHANGES TO ITS SYSTEMS AND PROCESSES TO ENSURE AVAILABILITY OF NECESSARY FUNDS IN ITS UPCOMING BUDGET.

Management Response

Management concurs. Staff has already attended a seminar in regards to this issue and will continue to be responsive regarding the aspects of these reporting requirements.