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9-30-2003

JWB FY03 Audited Financial Statements-B

Juvenile Welfare Board of Pinellas County.

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JUVENILE WELFARE BOARD

Basic Financial Statements and Schedules and
Reports as Required by OMB Circular A-i33

September 30, 2003

Action

Item "A".
Regular Meeting 01/08/04

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 receive by resolution the 2003 Annual

Financial Report
and the accompanying management letter.

Options

1. Receive the 2003 Annual Financial Report and accompanying management letter.
2. Receive and direct staff to proceed at the request of the Board.

Recommended Action

Receive the 2003 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 2002-03 Annual Financial Report.

This presentation is consistent with the new GASB 34 requirements for governmental agencies. The new focus is on both the JWB as a whole (government-wide) and the major individual funds in order to allow the user to address relevant questions, widen comparison, and enhance accountability. The sections are as follows: MO&A (Management Discussion and Analysis); Basic

Financial Statements (Government-wide and Fund) along with the Notes to the Financial Statements; and Other required supplementary information.

The firm of KPMG LLP 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.

KPMG has no management letter issues to report.

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JUVENILE WELFARE BOARD

Table of Contents

Independent Auditors' Report

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Assets
Statement of Activities

D

o
U
D
D
D
D
D
o
D
D
Q
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Fund Financial Statements:
Governmental Fund Financial Statements:
Balance Sheet – General Fund
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net
Assets
Statement of Revenues, Expenditures, and Changes in Fund Balance –
General Fund
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund
Balance of Governmental Funds to the Statement of Activities

Proprietary Fund Financial Statements:
Statement of Net Assets – Enterprise Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Enterprise Funds
Statement of Cash Flows – Enterprise Funds

Notes to Financial Statements

Required Supplementary Information:
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget
and Actual– General Fund (Budgetary Basis) (Unaudited)

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

Supplementary Information:
Schedule of Expenditures of Federal Awards
Notes to Schedule of Expenditures of Federal Awards

Independent Auditors' Report on Compliance With Requirements
Applicable to Each Major
Program and on Internal Control Over Compliance in Accordance With OMB
Circular
A-133

Schedule of Findings and Questioned Costs

Management Letter

Page

3

9

10

12

13

14

15

16

17

18

19

29

30

32

33

34

36

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P.O. 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 financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the Juvenile Welfare Board of Pinellas County, Florida (the Juvenile Welfare Board), as of and for the year ended September 30, 2003, which collectively comprise the Juvenile Welfare Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the

Juvenile Welfare Board's management.
Our responsibility is to express opinions on these financial statements based on our audit.

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

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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the Juvenile Welfare Board as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2 to the basic financial statements, effective October 1, 2002, the Juvenile Welfare Board has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,

GASB Statement No. 38, Certain Financial Statement Note Disclosures,
and GASB Interpretation No.6,
Recognition and Measurement of Certain Liabilities and Expenditures in
Governmental Fund Financial
Statements .

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In accordance with Government Auditing Standards, we have also issued
our report dated December 9,
2003 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. That report is
an integral part of an audit performed in accordance with Government
Auditing Standards and should be
read in conjunction with this report in considering the results of
our audit.

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The management's discussion and analysis and budgetary comparison
information on pages 3 through 8
and on page 29 are not a required part of the basic financial
statements but are supplementary information
required by accounting principles generally accepted in the United
States of America. We have applied
certain limited procedures, which consisted principally of inquiries

of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Juvenile Welfare Board's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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December 9, 2003

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Management's Discussion and Analysis
(Unaudited)

As management of the Juvenile Welfare Board of Pinellas County (JWB) we offer the readers of J\VB's financial statements this narrative overview and analysis of the financial performance of JWB for the fiscal year ended September 30, 2003. It is designed to provide greater accountability to citizens and identify significant changes in financial position and overall results of operations. Readers are encouraged to consider the information presented here in conjunction with the JWB financial statements and footnotes that follow this section.

Financial Highlights

. JWB's total net assets decreased by \$128,131 (or 2%).

. Governmental net assets decreased by \$269 ,607 (or 5%) and business-type net assets increased by \$141,476 (or 5%).

. Governmental activities revenues increased by \$2,419,445 (or 7%). The expenses increased by \$2,663,003 (or 8%).

. Business-type activities revenues increased \$81,621 or (or 9%). The expenses increased by \$66,428 (or 8%).

Using This Annual Report

This presentation is consistent with the new GASB 34 requirements for governmental agencies. The new focus is on both JWB as a whole (government-wide) and the major individual funds allowing the user to address relevant questions, widen comparisons, and enhance accountability. The sections are as follows: MD&A (Management's Discussion and Analysis); Basic Financial Statements (Government-wide and Fund Statements) along with the Notes to the Financial Statements; Required Supplementary Information; and other supplementary information.

Overview of the Financial Statements

Government-wide Financial Statements. GASB 34 brings private sector accounting principles to governmental financial statements. Government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. The primary government includes the governmental and business type activities. All of JWB's basic services are considered to be governmental activities, including general government and services to children and families. Property taxes finance most of these activities. Business-type activities are generally characterized by an exchange relationship, manifested by user charges that may be based on the costs of providing a particular service. The business-type activities include Building Rental Operation Management and Statewide Technology Operation Management (SAMIS). The last column is the component unit, Pinellas County License Board. It is a legally separate entity, however JWB is financially accountable for it and so it is also included in this report.

The Statement of Net Assets presents information on JWB's assets and liabilities, with the difference reported as net assets. Over time changes in net assets (increases and decreases) may serve as a useful indicator of whether the financial position of JWB is improving or deteriorating.

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The Statement of Activities presents the change in JWB' s net assets during the fiscal year. Revenues and expenses are accounted for on the accrual basis of accounting in this report. Revenues and expenses are now recorded when the underlying transaction occurs. Therefore, some revenues and expenses reported will result in expenditures in future years (e.g. earned but unused vacation/sick leave). The Statement requires depreciation to be recorded for all applicable capital assets. The government is required to establish a method of calculating depreciation and to establish the useful life for the assets. JWB's financial statements include the governmental activities of Children & Family program services and general administration, and business-type activities related to building rental and a web-based data collection system.

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Fund Financial Statements. A fund is a self-balancing group of accounts used to maintain control over resources intended to be used for specific purposes. JWB uses governmental and proprietary funds. The fund financial statements focus on major funds, as opposed to fund types, which were reported in the past.

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The governmental fund financial statements provides information based on current sources and uses of resources of JWB's general fund operations. The statement provides the detail to develop the budget or financial plan. It also allows for current budget compliance to be confirmed. A reconciliation of the governmental fund financial statements with the governmental activities included in the government-wide financial statements (prepared on the accrual basis of accounting) is provided at the end of the related financial statements to facilitate comparison. One element of the reconciliation is long term liabilities, which are not due and payable in the current period and therefore are not reported in the fund financial statements. The other is capital assets used in governmental activities which are not financial resources and are not reported in the fund financial statements.

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The proprietary funds financial statements consist of enterprise funds used to account for business-type activities in the government-wide statements and are prepared using the accrual basis of accounting. The activities include JWB's ownership of the 49th Street and Pinellas Park Buildings. In addition, JWB collaborates with other Children's Services Councils in the development and implementation of the web-based data collections system, SAMIS.

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Notes to the Financial Statements. The notes provide additional information that is important to the reader in attaining a full understanding of the data presented in the financial statements.

Required Supplementary Information. In addition to the basic financial statements, this report also contains other required supplementary information. The General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is a part of this section.

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Government-wide Financial Analysis

The following table reflects the condensed Statement of Net Assets compared to the prior year. As of September 30, 2003, net assets totaled \$8.2 million.

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JUVENILE WELFARE BOARD'S NET ASSETS							
(Dollars in thousands)							
	Governmental activities		Business-type activities		Total Primary Government		
	2003	2002	2003	2002	2003	2002	
Current and other assets	\$ 10,582,059	9,562,131	920,083	648,199	11,502,142	10,210,330	
Capital assets	165,724	258,316	2,106,788	2,221,634	2,272,512	2,479,950	
Total assets	10,747,783	9,820,447	3,026,871	2,869,833	13,774,654	12,690,280	
Long-term debt	269,893	266,130	13,549	283,442	266,130		
Other liabilities	5,157,315	3,964,135	143,004	140,991	5,300,319	4,105,126	
Total liabilities	5,427,208	4,230,265	156,553	140,991	5,583,761	4,371,256	
Net assets:							
Invested in capital assets	165,724	258,316	2,106,788	2,221,634	2,272,512	2,479,950	
Unrestricted	5,154,851	5,331,866	763,530	507,208	5,918,381	5,839,074	
Total net assets	\$ 5,320,575	5,590,182	2,870,318	2,728,842	8,190,893		

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Investment in capital assets (land, buildings, furniture and equipment) represents 28% of JWB's total net assets. JWB has no outstanding debt. Capital assets are used to provide services to the citizens of Pinellas County and therefore are not available for future spending. Unrestricted net assets represent 72% of total net assets.

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The following table reflects the condensed Statement of Activities compared to the prior year. Total revenues for JWB increased by 7%, substantially from tax revenues. Total expenses increased by 8% over the prior year.

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JUVENILE WELFARE BOARD'S CHANGES IN NET ASSETS
(Dollars in thousands)

Governmental Business--type Total
acth"ities activities Primary GOl'unment
2003 2002 2003 2002 2003 2002

Revenues:

Program revenues:

Charges for services \$ 97,884 II 0,081 1,009,934 928,313 1,107,818
1.038,394

Grants. operating 633,983 411,543 633,983 411,543

General revenues:

Property taxes 34,880,806 32,532,843 34,880,806 32,532,843

Unrestticted investment

earnings 178,697 289,089 178,697 289,089

Miscellaneous 15,737 44,106 15,737 44,106

Total revenues 35,807,107 33,387,662 1,009,934 928,313 36,817,041
34,315,975

Expenses:

General government	36,076,714	33,413,711	36,076,714	33,413,711
49th Street Building	68,443	61,901	68,443	61,901
Pinellas Park Building	396,740	377,777	396,740	377,777
SAM1S	403,275	362,352	403,275	362,352
Total expenses	36,076,714	33,413,711	868,458	802,030
	34,215,741			36,945,172
Increase (decrease) in net assets	(269,607)	(26,049)	141,476	126,283
	(128,131)	100,234		
Net assets at beginning of year	5,590	I 82	5,616,231	2,728,842
	2,602,559	8,3 I 9,024	8,218,790	
Net assets at end of year	\$ 5,320,575	5,590,182	2,870,3 I 8	2,728,842
	8,190,893	8,319,024		

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Governmental Activities. Due to the value of the taxable property base

increasing, JWB's property tax revenues increased \$2.3 million or 7% over the prior year. JWB has not increased the property millage rate of .8117 since 1996. Operating grant revenue increased from \$411,543 to \$633,983 as a result of an increase in funding from the Department of Justice for our Safe Start program.

JWB experienced a decline in investment earnings of \$110,392 due to decreases in interest rates and investment yields caused by the decline of the Federal Funds rate, which reached 1% this year.

The total cost of governmental activities increased \$2,663,003 over the prior year. General government expenses include JWB's investment in children's program services and administration expenses. The vast majority of the increase in expenses related to additional funding in the area of children's program services. The decrease in net assets for the year was \$269,607 reflecting a \$243,558 decline from the prior year. A portion of unrestricted net assets is utilized to cover any deficit, which might occur within governmental activities.

Business-type Activities. Net assets of business-type activities increased by \$141,476 or 5% over the prior year. Charges for services increased by 9% from the prior year or by \$81,621. This was a result of increased rent on both buildings and the addition of users to the Statewide SAMIS system.

Charges for services to customers for the rental properties were increased due to higher utility costs.

Expenses included increased development costs for the technology software due to additional participants in the SAMIS system.

Financial Analysis of the JWB's Funds

Governmental Funds. Governmental funds provide a short-term view of the JWB's general government operations and the services provided.

General Fund. The Balance Sheet – General Fund, found on page 12, reports the general fund, which is the primary operating fund of JWB. It accounts for all governmental financial resources. At the end of fiscal year 2003, JWB's governmental fund balance was \$5.4 million.

Included in this fund balance is \$354,352 designated for Short-Term Disability, \$64,228 for Catastrophic Sick Pool, \$1,659,860 for the fiscal year 2003-2004 budget and \$2,028 for Cooperman-Bogue Awards. There is an undesignated amount of \$3.3 million in the unreserved portion of the fund balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance, which is found on page 14, reflects the deficiency of revenues over expenditures and other financing uses. The fund balance was reduced by \$159,534 in fiscal 2003. The total fund balance includes an unreserved amount of \$3.3 million available for emergencies and will also be used for cash flow in October and November. Although tax collections and Safe Start grant revenues were slightly higher, interest income was lower. The grant funds not received are carried over by the Office of Juvenile Justice and Delinquency Prevention to fiscal year 2003-2004.

Proprietary Funds. These funds report service activity supported by customer user fees and are presented as business-type functions. The enterprise funds' financial information is the same as that presented in the government-wide financial statements under business-type activities.

Proprietary Funds Highlights

Net assets of the 4911> Street building fund increased by \$167,734 due to scheduled increases in rent.

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Net assets of the Pinellas Park building fund decreased by \$78,066 because established rents are designed to cover all expenses other than depreciation.

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Net assets of the SAMIS fund increased by \$51,808 to \$85,159 representing amounts available for future

technology needs.

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The net assets of the Building funds are \$2,870,318, which includes capital assets of \$2,106,788 and unrestricted net assets of \$763,530, which is available to cover liabilities and other capital improvements necessary for the buildings.

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General Fund Budget Highlights

The JWB Board revised the budget of the General Fund one time during the year for an overall increase in appropriations of \$12,000. This increase was a Board action in the beginning of the fiscal year for an addition to the Communications Department to conduct a community awareness/social marketing campaign.

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The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual, which is found on page 29, reflects actual expenditures to budget were \$6 million less than the final budget amounts.

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JWB funded children's services for 77 agencies and 161 prob'fams in the amount of \$32 million.

JWB received approximately \$634,000 from the Office of Juvenile Justice and Delinquency Prevention for the Safe Start program.

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Capital Assets and Debt Administration

Capital assets. JWB's investment in capital assets for the governmental and business-type activities is \$2.3 million, net of accumulated depreciation. The chart below includes

land, buildings, improvements, and equipment net of accumulated depreciation.

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JUVENILE WELFARE BOARD'S CAPITAL ASSETS
(Dollars in thousands)

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Total
Primary Government
2003 2002
434,296 434,296
1,672,492 1,787,338
165,724 258,316
2,272,512 2,479,950

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Governmental Business-Type
activities activities
2003 2002 2003 2002
Land \$ 434,296 434,296
Buildings and improvements 1,672,492 1,787,338
Machinery and equipment 165,724 258,316
Total \$ 165,724 258,316 2,106,788 2,221,634

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Governmental Activities. JWB's capital technology expenditures in fiscal 2003 included costs for computer hardware and software. These capital additions were offset by the retirement of some obsolete equipment and current year depreciation expense.

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Business-Type Activities. These include land and buildings that are rented to external users. There were no capital improvements made during this fiscal year; the decrease is due to current year depreciation expense.

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Debt Administration. JWB's long-term obligations include accrued vacation and sick leave pay. Additional detail is provided in note 6 of the notes to the financial statements.

Economic Factors, Next Year's Budget and Tax Rates

The following factors were considered in preparing JWB's budget for fiscal year 2003-2004:

. Pinellas County has experienced a period of growth in property values and the tax base. Over the last several fiscal years, property values have increased by up to 9% per year. In fiscal year 2002-2003, the county's property values stood at \$45.7 billion; the current valuation for fiscal year 2003-2004 is \$49.7 billion, an overall increase in property values of over \$4 billion.

. The adopted fiscal year 2003-2004 budget reflects a sufficient funding level to support the major initiatives of JWB, but is conservative in its use of tax dollars. The parameters for the budget were developed to assure the successful implementation of the Board's Strategic Plan Initiatives. For fiscal year 2004, the budget reflects no increase in the millage rate

of .8117 mills.

. The overall operating budget is \$45.9 million, an increase of 7% over budget for fiscal year 2003, which is primarily targeted at increasing services to families and children.

Information Contact

JWB's financial statements are designed to present users (citizens, taxpayers) with a general overview. If you have questions about this report or need additional financial information, contact the Juvenile Welfare Board Finance Department, 6698 68th Avenue North, Pinellas Park, FL 33781 or visit our website at: www.iwbpinellas.org.

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JUVENILE WELFARE BOARD

Assets

Cash and cash equivalents
Due from other governments
Due from other agencies
Receivables
Deposits
Internal balances
Due from primary government
Capital assets:
Nondepreciable
Depreciable, net of accumulated depreciation

Total assets

Liabilities

Agency payables
Accounts payable
Other payables
Accrued liabilities
Deferred revenue
Due to component unit
Long-term liabilities:
Due within one year
Due in more than one year

Total liabilities

Net Assets

Invested in capital assets
Unrestricted

Total net assets

See accompanying notes to financial statements.

September 30, 2003

Statement of Net Assets

Gonrnmental
acti"ities

\$

10,570,180
520,354
201,933
681
16,253
(727,342)

165,724
10,747,783
4,468,914
320,213
2,560
134,141
14,310
203,459
13,718
269,893
5,427,208
165,724
5,154,851
\$ 5,320,575

9

Primary government
Business-type
acti\'ities

21,800
170,941

727,342

434,296
1,672,492
3,026,871

6,487
136,517

13,549
156,553

2,106,788
763,530

2,870,318

Component Unit
Pinellas County
Total License Board
10,570,180
542,154 234,644
372,874 680
681
16,253
203,459
434,296
1,838,216 90,560
13,774,654 529,343
4,468,914
320,213
2,560
140,628 50,104
150,827
203,459
13,718 8,192
283,442 130,526
5,583,761 188,822
2,272,512 90,560
5,918,381 249,961
8,190,893 340,521

JUVENILE WELFARE BOARD

Statement of Activities
Year ended September 30, 2003

Functions/programs	Expenses
Primary government:	
Governmental activities:	
Administration	\$ 4,212,909
Children's programs	31,863,805
Total governmental activities	36,076,714
Business-type activities:	
SAMIS	403,275
49th Street Building	68,443
Pinellas Park Building	396,740
Total business-type activities	868,458
Total primary government	\$ 36,945,172
Component unit:	
Licensing Board	\$ 2,472,409

Program revenues
Operating

grants and
contributions

Charges for
services

97,884

633,983

633,983

97,884

455,083

236,177

318,674

1,009,934

1,107,818

633,983

2,321,213

95,194

General revenues:

Property taxes

Unrestricted investroent earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See accompanying notes to financial statements.

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D Net (expense) revenue and
changes in net assets
Primary government Component Unit
D Governmental Business-type Pinellas County
activities activities Total License Board
D (4,115,025) (4,115,025)
0 (31,229,822) (31,229,822)
(35,344,847) (35,344,847)
a 51,808 51,808
167,734 167,734
(78,066) (78,066)
U 141,476 141,476
(35,344,847) 141,476 (35,203,371)
D (56,002)
D 34,880,806 34,880,806
178,697 178,697
15,737 15,737
D 35,075,240 35,075,240
(269,607) 141,476 (128,131) (56,002)
U 5,590,182 2,728,842 8,319,024 396,523
\$ 5,320,575 2,870,318 8,190,893 340,521

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JUVENILE WELFARE BOARD

Balance Sheet – General Fund
September 30, 2003

Assets

Cash and cash equivalents
Due from other governments
Due from other agencies
Receivables
Deposits

Total assets

Liabilities and Fund Balance

Liabilities:
Agency payables
Accounts payable
Other payables
Accrued liabilities
Deferred revenue
Due to other funds
Due to component unit

Total liabilities

Fund balance:
Unreserved:
Designated for Cooperman-Bogue
Designated for disability benefits
Designated for future years' expenditures
Designated for sick leave pool
Undesignated

Total fund balance

Total liabilities and fund balance

See accompanying notes to financial statements.

12

\$

10,570,180

520,354

20 I ,933

681

16,253

11,309,401

\$

\$

4,468,914

320,213

2,560

134,141

14,310

727,342

203,459

5,870,939

\$

2,028

354,352

1,659,860

64,228

3,357,994

5,438,462

11,309,401

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JUVENILE WELFARE BOARD

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

September 30, 2003

Total fund balance – governmental fund

Amounts reported for governmental activities in the statement
of net assets are different because:
Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the fund
Compensated absences are long-term liabilities that are not due and
payable in the current period and are therefore not reported in the
fund

Net assets of governmental activities

See accompanying notes to financial statements.

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5,438,462

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165,724

(283,611)

5,320,575

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\$ 34,880,806
97,884
633,983
178,697
15,737
35,807,107
4,037,287
31,863,805
65,549
35,966,641
(159,534)
5,597,996
\$ 5,438,462

. JUVENILE WELFARE BOARD

Statement of Revenues, Expenditures, and Changes in Fund Balance -
General Fund
Year ended September 30, 2003

- Revenues:
Property taxes
Fees
Intergovernmental
Interest income
Other

Total revenues

Expenditures:

Administration

Children's programs

Capital outlay

Total expenditures

Net change in fund balance

Fund balance – beginning of year

Fund balance – end of year

See accompanying notes to financial statements.

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JUVENILE WELFARE BOARD

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance
of Governmental Funds to the Statement of Activities

Year ended September 30, 2003

Net change in fund balance – governmental fund

Amounts reported for governmental activities in the statement of activities are different because: Capital outlays are reported as expenditures in the governmental fund. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities. In the current period these amounts are:
Capital outlay
Depreciation expense
Compensated absences expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental fund

Change in net assets in governmental activities

\$

\$

(159,534)

65,549

(158,141)

(17,481)

(269,607)

See accompanying notes to financial statements.

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JUVENILE WELFARE BOARD

Statement of Net Assets – Enterprise Funds

September 30, 2003

49th Street Pinellas Park

Assets SAMIS Building Buildill~ Total

Current assets:

Due from other governments \$	21,800	21,800	
Due from other agencies	170,941	170,941	
Due from other funds	57,970	809,750	867,720

Noncurrent assets:

Land and improvements	243,496	190,800	434,296	
Building and improvements	856,447	2,137,395	2,993,842	
Accumulated depreciation	(769,324)	(552,026)	(1,321,350)	
Total assets	228,911	1,162,169	1,776,169	3,167,249

Liabilities

Current liabilities:

Accrued liabilities	3,019	3,468	6,487
Deferred revenue	136,517	136,517	
Due to other funds	140,378	140,378	

Noncurrent liabilities:

Accrued absences	4,216	9,333	13,549
Total liabilities	143,752	153,179	296,931

Net assets

Investment in capital assets	330,619	1,776,169	2,106,788	
Unrestricted (deficit)	85,159	831,550	(153,179)	763,530
Total net assets \$	85,159	1,162,169	1,622,990	2,870,318

See accompanying notes to financial statements.

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JUVENILE WELFARE BOARD

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Enterprise Funds

Year ended September 30, 2003

SAL\IS

Operating revenues:

Charges for services \$ 455,083

Operating expenses:

Personnel services 77,618

Contractual services 292,151

Utilities

Supplies

Repairs and maintenance 16,671

Other operating expenses 16,835

Depreciation

Total operating expenses 403,275

Change in net assets 51,808

Net assets – beginning of year 33,351

Net assets – end of year \$ 85,159

49th Street

Building

236,177

21,720

5,300

41,423

68,443

167,734

994,435

1,162,169

See accompanying notes to financial statements.

17

Pinellas Park

Building Total

318,674 1,009,934

93,369 170,987

39,451 331,602

95,297 95,297

9,673 9,673

68,506 106,897

17,020 39,155

73,424 114,847

396,740 868,458

(78,066) 141,476

1,701,056 2,728,842

1,622,990 2,870,318

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JUVENILE WELFARE BOARD

Statement of Cash flows – Enterprise Funds
Year ended September 30, 2003

49th Street Pinellas Park
SAI\IIS Building Building Total
Cash flows from operating activities:
Receipts from customers \$ 459,549 232,544 318,674 1,010,767
Payments to vendors (328,175) (27,020) (229,336) (584,531)
Payments to employees (73,403) (84,035) (157,438)
Net cash provided by operating activities 57,971 205,524 5,303
268,798
Cash flows from noncapital financing activities:
Increase in due to/from other funds (57,971) (205,524) (5,303)
(268,798)
Cash and cash equivalents – beginning of year
Cash and cash equivalents – end of year \$
Reconciliation of operating income (loss) to net cash
provided by operating activities:
Cash flows from operating activities:
Operating income (loss) \$ 51,808 167,734 (78,066) 141,476
Adjustments to reconcile operating income (loss)
to net cash provided by operating activities:
Depreciation 41,423 73,424 114,847
Decrease (increase) in due from other
agencies/governments 4,465 (3,633) 832

Increase (decrease) in accrued liabilities	(2,518)	612	(1,906)
Increase in accrued absences	4,216	9,333	13,549
Total adjustments	6,163	37,790	83,369
Net cash provided by operating activities	\$ 57,971	205,524	5,303
	268,798		

See accompanying notes to financial statements.

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.JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

(I)

Organization

The Juvenile Welfare Board of Pinellas County (the Juvenile Welfare Board or JWB) was established by Legislature through Chapter 23.483 Special Acts of 1945, and codified in the Laws of Florida Chapter 2003-320. The Juvenile Welfare Board supports the healthy development of all children and their families in Pinellas County through advocacy, research, planning, training, communications, coordinating of resources and funding.

(2)

Summary of Significant Accounting Policies and Practices

The accounting policies and practices of the Juvenile Welfare Board conform to accounting principles generally accepted in the United States of America 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 an eleven-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. Each year JWB provides significant funds transfers to the component unit to support its operations. Its financial data is reported in a separate column to emphasize that it is legally separate from JWB.

The Pinellas County License Board (the PCLB), 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 board of directors of the Pinellas County License Board.

Financial information of the component unit can be obtained by contacting their administrative office: Pinellas County License Board for Children's Centers & Family Day Care Homes, 6698 68th Avenue North, Suite C, Pinellas Park, Florida 33781-5060.

(b) Basis of Presentation Government-wide Statements

The statement of net assets and the statement of activities report information on the primary

government and its component unit. Eliminations have been made to reduce the effect of interfund activities. These statements distinguish between governmental activities, normally financed through taxes, intergovernmental revenues and other nonexchange activities and business-type activities, which normally are financed by fees charged.

The statement of activities presents a comparison of direct expenses and program revenues for each business-type or governmental activity of JWB. Direct expenses are those associated with a specific function or program. Program revenues include: (a) charges for services are paid to JWB for goods

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

or services and (b) operating grants and contributions represent revenues for the support of a particular program. General revenues include property taxes and other revenue not classified as

program revenue.

Fund Financial Statements

The fund financial statements provide information about all of JWB's funds. Separate financial statements are presented for governmental and proprietary fund categories. Separate columns are presented for each major governmental and enterprise fund.

JWB reports the following major governmental funds:

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

JWB reports the following major enterprise funds:

SAMIS – The Board has an interlocal agreement with five Children's Services Councils in Florida, for utilization of the Services and Activities Management Information System (SAMIS). Licensing and usage fees are billed to JWB, Jacksonville Children's Commission, Palm Beach County, Martin County, and Broward County, each of which use the web base application.

49'h Street Building – The Board has a lease agreement as a lessor on its 49th Street office building, which expires in fiscal 2005. The building rent is billed to the Florida Department of Children and Families, which leases space in the facility.

Pinellas Park Building – The Board has lease agreements, as a lessor on its Pinellas Park administrative office facilities, which expires in fiseal 2006. The building rent is billed to the governmental funds for JWB departments, the Pinellas County License Board component unit, and the agencies of Coordinated Child Care and HeadStart, all of which lease space in the facility.

(c)

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when it is

earned, and expenses are recognized when they are incurred, regardless of the timing of related cash flows. Nonexchange transactions include property taxes and grants. Property taxes are recognized as revenue in the fiscal year for which taxes are levied. Grants are recognized in the fiscal year in which all eligibility requirements are met.

Governmental funds are accounted for using a flow of current financial resources measurement focus and modified accrual basis of accounting. JWB and PCLB use the modified accrual basis of accounting for its general fund. Under the modified accrual basis of accounting, revenue is recognized when measurable and available. Revenues are considered available when they are collected within the current period or within 60 days after year end. Property taxes, fees and interest are considered susceptible to accrual. Grant revenues are recognized when eligibility requirements are met and related amounts are available from the grantor. Expenditures are recorded when the fund liability is incurred, except for compensated absences that are recognized when due.

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JUVENILE WELFARE BOARD

Notes to Financial Statements
September 30, 2003

JWB has elected under Governmental Accounting Standards Board (GAS B) No. 20, Accounting and Financial Reporting for Proprietary Fund, and Other Governmental Entities that Use Proprietary Fund Accounting, to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board (F ASB) Statements and Interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements for its government-wide and proprietary fund activities.

(d)

Implementatioll of a New Fillalllcial Reporting Model

Effective October I, 2002, JWB has implemented a new financial reporting model as a result of the following statements and interpretations of the Governmental Accounting Standards Board (GASB): GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34; GASB Statement No. 38, Certain Financial Statement Note Disclosures, and GASB Interpretation No.6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

Under Statement No. 34, as amended by Statement No. 37, government-wide statements are presented using the accrual basis of accounting and the economic resources measurement focus. The government-wide statements distinguish between governmental, business-type and discretely presented component unit activity. Governmental fixed assets and long-term liabilities previously reporting in the general fixed asset and general long-term debt account groups are reported in the

statement of net assets. The statement of activities reflects depreciation on governmental assets. Implementation of these statements also resulted in the inclusion of a Management's Discussion and Analysis as required supplementary information, the direct method for cash flows, and certain reclassifications to beginning net assets and changes in note disclosures. There was no impact on beginning net assets.

(e)

Budget Process and Legal Compliance

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

- . 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.
- . Two formal public hearings are held to obtain taxpayers' comments.
- . Florida Statutes, Chapters 120 and 200 govern the preparation, adoption, and administration of JWB's annual budget.
- . 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.
- . Budgetary control is maintained at the departmental and program level (e.g., salaries, benefits, copy costs, and telephone). The Executive Director or his/her designee is authorized to transfer

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

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 program.

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

. Budgets presented for governmental funds in these financial statements have been prepared on the modified accrual basis of accounting. Expenditures for Tax Collector and Property Appraiser fees are budgeted as nonoperating but for financial statement purposes are offset against the related property tax revenues. Certain technology fees are also budgeted as nonoperating but for financial statement purposes are included as administration expense.

. Supplemental budget appropriations are sometimes necessary during the year. The Board authorized additional budget appropriations of \$12,000 during fiscal

2003.

(j)

Cash Equivalents

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

(g)

Capital Assets

Capital assets include property and equipment and are reported in the governmental and business-type activities of the government-wide financial statements and the enterprise fund financial statements. 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 at estimated fair value at the date of donation.

Depreciation is provided using the straight-line method over the following estimated lives:

Estimated
useful life

Property classification

Buildings
Improvements

30 years
Remaining life
of the building
5 - 7 years
3 years

Furniture and other equipment
Computer equipment

(fl)

Compensated Absences

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 JWB service. The governmental funds record expenditures for compensated absences as they become due and payable. Compensated absences are accrued when earned in the government-wide and proprietary fund financial statements.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

(i) Fund Balance

Designations of governmental fund balances represent tentative plans for future use of financial resources.

(j) Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with JWB's

enterprise fund activities. The principal operating revenues relate to rental income on their two building facilities and technology fees associated with SAMIS. Operating expenses include the cost of providing these services and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(k) Use of Estimates

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

(3)

Cash and Cash Equivalents

JWB maintains a cash pool for the deposits of all governmental and enterprise funds and the component unit. Each funds' portion of these balances is shown on the respective balance sheet or statement of net assets as "cash and cash equivalents". Earnings from pooled cash are maintained in the general fund.

The bank and book balances were as follows at September 30, 2003:

Deposits with commercial banks (book balance)
Deposit with Florida State Board of Administration
Petty cash

\$

3,282,397

7,287,683

100

10,570,180

3,519,838

\$

Bank balance of deposits in commercial banks

\$

Deposits are maintained with commercial banks, which are organized under the laws of the State of Florida and the laws of the 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 \$7,287,683 are neither insured nor collateralized and are stated at fair value. The State Board is a "2a-7 like" pool and is therefore presented at its actual pooled shared price. These investments are not classified as to custodial credit risk as they are not evidenced by securities that exist in book or entry form. The State Board's Fund is comprised of bankers'

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

acceptances, certificates of deposit, commercial paper, federal agency obligations, medium-term notes and floating rate notes, repurchase agreements, treasury bills, notes, and bonds.

(4)

Interfund Receivables and Payables

Balances at fiscal year end of interfund receivables and payables were as follows:

Receivable fund

Component unit

SAMIS

49th Street Building

General

Payable fund

General \$

General

General

Pinellas Park Building

Amount

203,459

57,970

809,750

140,378

1,211,557

\$

Interfund receivables and payables relate to the general fund cash accounts receiving income and paying expenditures on behalf of the enterprise funds and the component unit. As these transactions occur, receivables or payables with the other funds are increased or decreased depending on the specific transaction.

(5)

Capital Assets

Capital asset activity for the year ended September 30, 2003 was as follows:

Capital assets being depreciated:

Furniture, fixtures and equipment

Less accumulated depreciation

Capital assets, net

October 1,
2002
\$ 458,527
(200,211)
\$ 258,316

Governmental activities

Additions Disposals
and and September 30,
transfers in transfers out 2003

65,549
(158,141)
(92,592)

(57,838)
57,838

466,238
(300,514)
165,724

Depreciation expense of \$158,141 was allocated to administration expense.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

(6) General Long-Term Obligations

The following is a schedule of changes in long-term liabilities for fiscal year ended September 30, 2003.

	Beginning balance	Increases	Decreases	Ending balance	Due In one year
Compensated absences - JWB	\$ 266,130	\$ 21,351	\$ (3,870)	\$ 283,611	\$ 13,718
Compensated absences - peLS	\$ 121,125	\$ 20,288	\$ (2,695)	\$ 138,718	\$ 8,192

(7) Employee Retirement Plan

Substantially all Juvenile Welfare Board employees are eligible to participate in the State of Florida Retirement System (System), a cost-sharing multiple-employer defined benefit plan administered by the

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

State of Florida Division of Retirement. The primary system is a defined benefit plan for all state, and participating county, district school board, community college and university employees. Contribution rates are established statewide for all participating governmental units. Accordingly, the actuarial information and related disclosures attributed to JWB's employees are not determinable.

Employees who retire at or after age 62 with 6 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% of their average final compensation for each year of credited service. Average final compensation is the employee's average of the five highest years of salary earned during credited service. Early retirement is available after 10 years of service with a 5% 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.

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. This report may be obtained by writing to the Research Education and Policy Section, 2639E North Monroe Street, Tallahassee, Florida 32399-1560, or assessing their Internet site at www.frs.state.fl.us/frs.oupublic.oupublic.htm. or by calling (850) 488-2872.

JWB is required to contribute an actuarially determined rate. 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 7.39% of covered payroll. The actuarially determined contributions required and made by JWB for the years ending September 30, 2003, 2002, and 2001 were \$302,054, \$327,576, and \$427,979, respectively.

(8)

Operating Lease – Rent Income

The Board, as a lessor, has lease agreements on its Pine Lias Park administrative office facilities, which expires in fiscal 2006. The Board, as a lessor, also has a lease agreement on its 49th Street Building which expires in fiscal 2005. The following is a schedule of the future rental income at September 30, 2003:

Fiscal year

2004

2005

2006

PInellas Park

49th Street

261,756

152,691

\$

226,922
240,369
253,816

(9)

Designated Fund Balances

(a) Designated for Cooperman-Bogue

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

(b) Designated for Short-Term Disability Benefits

The Juvenile Welfare Board designates a portion of the fund balance for short-term disability loss contingencies. Charges for claims incurred are made directly to expenditures.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

(c) Designated for Future Year's Expenditures

The fiscal 2004 Budget Resolution appropriated the amount of \$ 1,659,860 from the fiscal 2003 year ending fund balance for expenditures authorized in excess of anticipated revenue during fiscal year 2004 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.

(10)

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, 2003, a rate of .8117 mills was assessed.

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%, December - 3%, January - 2% and February - 1%. Taxes become delinquent on April 1 of each year and tax certificates for the full amount of any unpaid taxes must be sold no later than June 1 of each year. The Pinellas County Property Appraiser and the Pinellas County Tax Collector administer the assessment and collection of taxes.

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
Members
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

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2003

(11) Contingencies

(a) Risk Management

JWB and its component unit PCLB purchase commercial insurance for general liability, workers compensation, and health insurance. There have been no significant reductions in insurance coverage and settled amounts have not exceeded insurance coverage for the past three years.

(b) Litigation

The PCLB is involved as defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. In the opinion of the PCLB and legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the PCLB.

(c) Federal Grants

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 JWB expects such amounts to not be significant.

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JUVENILE WELFARE BOARD

Schedule of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual- General Fund (Budgetary Basis)

Year ended September 30, 2003

(Unaudited)

	Variance with final bud2et	Original budget	Final budget	favorable Actual (unfa\'orable)
Revenues:				
Property taxes	\$ 35,668,406	35,668,406	35,714,715	46,309
Fees	109,000	109,000	97,884	(11,116)
Intergovernmental	1,102,090	1,102,090	633,983	(468,107)
Interest income	342,356	342,356	178,697	(163,659)
Other	2,000	2,000	15,737	13,737
Total revenues	37,223,852	37,223,852	36,641,016	(582,836)
Expenditures:				
Current:				
Administration	4,029,771	4,041,771	3,742,072	299,699
Children's programs	33,934,538	33,875,586	31,863,805	2,011,781
Nonoperating	4,859,543	4,852,946	1,129,124	3,723,822
Capital outlay	65,549	65,549		
Total expenditures	42,823,852	42,835,852	36,800,550	6,035,302
Net change in fund balance	\$ (5,600,000)	(5,612,000)	(159,534)	

5,452,466

Fund balance – beginning of year 5,597,996

Fund balance– end of year \$ 5,438,462

See accompanying independent auditors' report.

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P.O. Box 1439

Tampa, FL 33601-1439

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

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Members of the Board

Juvenile Welfare Board of Pine Hills County, Florida:

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We have audited the basic financial statements of the Juvenile Welfare Board of Pine Hills County, Florida (Juvenile Welfare Board), as of and for the year ended September 30, 2003, and have issued our report thereon dated December 9, 2003 which referred to the Juvenile Welfare Board's adoption of new accounting and reporting standards. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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Compliance

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

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 basic 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 basic 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 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.

KP~G- LCP

December 9, 2003

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JUVENILE WELFARE BOARD

Schedule of Expenditures of Federal Awards
Year ended September 30, 2003

Federal Grantor/Pass Through Federal Grant or Federal
Grantor/Program title CFDA# contract number expenditures
U.S. Department of Agriculture:
Passed through Florida Department of Education
Child Care Food Program (PCLB) 10.558 D-0001 \$ 1,037,927
Total U.S. Department of Agriculture 1,037,927
U.S. Department of Health and Human Services:
Passed through Florida Department of Children and Families
Licensing Enhancement Program (peLB) 93.575 QJ3B2 240,455
Licensing Enhancement Program (peLS) 93.575 QJ2A 7 81,401

Total Program 321,856
 Passed through Florida Department of Children and Families
 and the Pinellas County School Board
 Licensing Training Program (peLB) 93,667 N/A 10,500
 Total U.S. Department of Health and Human Services 332,356
 U.S. Department of Justice:
 Office of Juvenile Justice & Delinquency Prevention Program (JWB)
 16,458 2000-JW-VX-K003 633,983
 Total U.S. Department of Justice 633,983
 Total Expenditures of Federal Awards \$ 2,004,266

See accompanying notes to schedule of expenditures of federal awards.

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JUVENILE WELFARE BOARD

Notes to Schedule of Expenditures of Federal Awards
 Year ended September 30, 2003

(1) Basis of Presentation

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 basic financial statements.

(2) Relationship to Basic Financial Statements
Federal financial assistance is reported as intergovernmental revenue in the basic financial statements.

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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 Pinellas County, Florida:

Compliance

We have audited the compliance of the Juvenile Welfare Board of Pinellas County, Florida (Juvenile Welfare Board) 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 each of its major federal programs for the year ended September 30, 2003. The Juvenile Welfare Board's major federal programs are 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 each of its major federal programs 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.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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.

In our opinion, the Juvenile Welfare Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

Internal Control Over Compliance

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 Federal program in order to determine our auditing procedures for the purpose of expressing our opinion

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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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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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KPMG- LCP

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December 9, 2003

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JUVENILE WELFARE BOARD

Schedule of Findings and Questioned Costs
Year ended September 30, 2003

(1)

Summary of Auditors' Results

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

(b) There were no identified reportable conditions or material weaknesses in internal control over financial reporting that were disclosed in the audit of the basic financial statements.

(c) There was no noncompliance noted which is material to the basic financial statements.

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

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

(1) There were no audit findings disclosed which are required to be reported in accordance with Section 510(a) of OMB Circular A-83.

(g) Major programs:

CFDA No.

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.

(2)

Findings Relating to the Basic Financial Statements
None.

(3)

Findings and Questioned Costs Relating to Federal Awards
None.

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Tampa, FL 33601-1439

Management Letter

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

We have audited the basic financial statements of the Juvenile Welfare Board of Pine lias County, Florida as of and for the year ended September 30, 2003, and have issued our report thereon dated December 9, 2003 which referred to the Juvenile Welfare Board's adoption of new accounting and reporting standards.

We conducted out audit in accordance with auditing standards generally

accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. We have issued our reports on compliance and internal control over financial reporting, and on compliance and internal control over compliance applicable to each major federal program, and the related Schedule of Findings And Questioned Costs. Disclosures in those reports and schedule which are dated December 9, 2003 should be considered in conjunction with the management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Section 10.554(1)(g)(I)(a) of those rules require that, we address in the management letter, if not already addressed in the auditors' report on compliance and internal control or in the schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, shortages, defalcations, fraud or violations of laws, rules, regulations, or contractual provisions reported in the preceding annual financial audit.

The Rules of the Auditor General Section 10.554(1)(g)(I)(b) require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal control or in the schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit.

As required by the Rules of the Auditor General Section 10.554(1)(g)(2), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Juvenile Welfare Board complied with Section 218.415, Florida Statutes as it relates to the investment of public funds.

The Rules of the Auditor General Section 10.554(1)(g)(3), require that we report any recommendations to

improve the Juvenile Welfare Board's financial management, accounting procedures, and internal control. There are no recommendations to improve the Juvenile Welfare Board's financial management, accounting procedures, and internal controls.

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The Rules of the Auditor General Section 10.554(1)(g)(4) require disclosure in the management letter of the following matters if not already addressed in the auditors' report on compliance and internal control or in the schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit noted no matters requiring disclosure.

The Rules of the Auditor General Section 10.554(1)(g)(5), also require that the name or official title and

legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in note I to the financial statements for the primary government and in note 2(a) to the financial statements for the component unit.

As required by the Rules of Auditor General Section 10.554(1)(g)(6) (a), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the Juvenile Welfare Board is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General Section 10.554(1)(g) (6)(b), we determined that the annual financial report for the Juvenile Welfare Board for the fiscal year ended September 30, 2003, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2003.

As required by the Rules of the Auditor General Sections 10.554(g)(6) (c) and 10.556, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter 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:s- LCP

December 9, 2003

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P.O. Box 1439

Tampa. FL 33601-1439

December 9, 2003

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

We have audited the financial statements of the Juvenile Welfare Board as of and for the year ended September 30, 2003 and have issued our report thereon dated December 9, 2003. Under generally accepted auditing standards, we are providing you with the following information related to the conduct of our audit.

We have a responsibility to conduct our audit in accordance with generally accepted auditing standards. In carrying out this responsibility, we planned and performed the audit of the Juvenile Welfare Board to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and characteristics of fraud, we are unable to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, 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 also performed an audit, under Government Auditing Standards and Circular OMB Circular A-133, of the federal financial assistance programs that the Juvenile Welfare Board and its component unit, the Pinellas County License Board, participated in during the year. Accordingly, we had the additional responsibility of issuing reports on:

- . Compliance and on internal control over financial reporting, based on the procedures performed in connection with the audit of the financial statements.
- . Compliance with requirements applicable to each major program and

internal control over compliance.

The significant accounting policies used by the Juvenile Welfare Board are described in note 2 to the financial statements. As described in note 2, in order to comply with the requirements of accounting principles generally accepted in the United States of America, the Juvenile Welfare Board adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Note Disclosures, and GASB Interpretation No.6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

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In connection with our audit of your financial statements, we have not discussed with management any significant financial statement misstatements that have not been corrected in your books and records as of and for the year ended September 30, 2003.

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the Juvenile Welfare Board financial statements.

We encountered no serious difficulties in dealing with management in performing our audit.

In accordance with the communication requirements of SAS No. 61, attached to our letter please find copies of the following material written communications between management and us:

- 1) Engagement letter; and
- 2) Management representation letters.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than this specified party.

Very truly yours,

KPMGs- LCP

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100 North Tampa Street, Suite 1700
Tampa, FL 33602

Telephone 813 223 1466
Fax 813 229 3976

July 17, 2003

Private & confidential

Mr. James Mills
Executive Director
Juvenile Welfare Board of Pine lias County
6698 - 68'h A venue North, Suite A
Pine lias Park, Florida 34665-5060

Dear Jim:

This letter will confirm KPMG LLP's (KPMG) understanding of our engagement to report upon our audit of the financial statements of the Juvenile Welfare Board ("JWB") as of and for the year ending September 30, 2003, and the nature and scope of the services we will provide to enable JWB to comply with the Single Audit requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133) and Chapter 10.550, Rules of the Auditor General.

Financial Statement Audit

We will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The objective of an audit carried out in accordance with such standards is the expression of an opinion

act), and other illegal acts may exist and not be detected by an audit performed in accordance with auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

To the extent that they come to our attention, we will inform management about any material errors and any instances of fraud or illegal acts. Further, to the extent that they come to our attention, we will inform the Members of the Board about fraud and illegal acts that involve senior management, fraud that in our judgment causes a material misstatement of the financial statements of JWB, and illegal acts, unless clearly inconsequential, that have not otherwise been communicated to the Members of the Board. In accordance with Government Auditing Standards, we are also required in certain circumstances to report fraud or illegal acts directly to parties outside the auditee.

In planning and performing our audit, we will consider JWB's internal control in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. This consideration contributes to the evidence supporting our opinion on the financial statements; however, it does not provide a basis for opining on internal control. The limited purpose of this consideration may not meet the needs of some users who require additional information about internal control. We can provide other services to provide you with additional information on internal control which we would be happy to discuss with you at your convenience.

Management is responsible for identifying and ensuring compliance with laws, regulations, contracts and grants applicable to JWB. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of JWB's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective is not to provide an opinion on overall compliance with such provisions.

In accordance with Government Auditing Standards, we will prepare a

written report on our consideration of internal control and tests of compliance made as part of our audit of the financial statements. This report will include any reportable conditions that come to our attention.

Reportable conditions are significant deficiencies in the design or operation of internal control which could adversely affect JWB's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements under audit.

OMB Circular A-133

We will also perform audit procedures with respect to JWB's major federal programs in accordance with the provisions of OMB Circular A-133. OMB Circular A-133 includes specific audit requirements, mainly in the areas of internal control and compliance with laws, regulations, contracts and grants, that exceed those required by Government Auditing Standards.

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Mr. James Mills
Juvenile Welfare Board of Pine Bluff County
July 17, 2003
Page 3

As part of our audit procedures performed in accordance with the provisions of OMB Circular A-133, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with laws, regulations, contracts and grants applicable to each of JWB's major programs. The tests of internal control performed in accordance with OMB Circular A-133 are less in scope than would be necessary to render an opinion on internal control.

Compliance with laws, regulations, contracts and grants applicable to federal programs is the responsibility of management. We will perform tests of JWB's compliance with certain provisions of laws, regulations, contracts and grants we determine to be necessary based on the OMB Circular A-133 Compliance Supplement (Compliance Supplement). The procedures

outlined in the Compliance Supplement are those suggested by each federal agency and do not cover all areas of regulations governing each program. Program reviews by federal agencies may identify additional instances of noncompliance.

As required by OMB Circular A-133, we will prepare a written report which (1) provides our opinion on the schedule of expenditures of federal awards in relation to JWB's basic financial statements, (2) provides our opinion on compliance with laws, regulations, contracts and grants that could have a direct and material effect on a major federal program and (3) communicates our consideration of internal control over major federal programs.

In addition to the OMB Circular A-133 requirements to maintain internal control and comply with provisions of laws, regulations, contracts and grants applicable to federal programs as discussed above, OMB Circular A-133 also requires JWB to prepare a:

- . Schedule of expenditures of federal awards;
- . Summary schedule of prior audit findings;
- . Corrective action plan; and
- . Data collection form (Part I).

While we may be separately engaged to assist you in the preparation of these items, preparation is the responsibility of JWB.

Certain provisions of OMB Circular A-133 allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. JWB agrees to notify KPMG of any such request by a granting agency and to work with KPMG to modify the terms of this letter as necessary to accommodate such a request.

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Mr. James Mills
Juvenile Welfare Board of Pine lias County
July 17. 2003
Page 4

Rules of the Auditor General

We will also perform auditing procedures with respect to JWB's state projects in accordance with provisions of the Chapter 10.550, Rules of the Auditor General. Chapter 10.550 includes specific audit requirements, mainly in the area of compliance with laws and regulations that exceed those r~quired by Government Auditing Standards.

As part of our audit procedures performed in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, we will perform tests to evaluate the effectiveness of the design and operation of internal control that we consider relevant to preventing or detecting material] noncompliance with laws, regulations, contracts and grants applicable to each of JWB's major state projects. The tests of internal control performed in accordance with Chapter 10.550, are less in scope than would be necessary to render an opinion on internal control.

Compliance with laws, regulations, contracts and grants are applicable to state projects is the responsibility of management. We will perform tests of JWB's compliance with certain provisions of laws, regulations, contracts and grants we determine to be necessary based on the States Projects Compliance Supplement (Supplement). The procedures outlined in the Supplement are those suggested by each state agency and do not cover all areas of regulations governing each state project. Program reviews by state agencies may identify additional instances of noncompliance.

As required by Chapter]0.550, Rules of the Auditor General, we will prepare a written report which (1) provides our opinion on the schedule of expenditures of state projects in relation to JWB's financial statements taken as a whole, (2) provides our opinion on compliance with laws, regulations, contracts and grants that could have a direct and material effect on a major state project,

and (3) communicates our consideration of internal control over major state projects.

Other Ent!aeement Issues

Our reports on internal control and on compliance with laws, regulations, contracts and grants will indicate that they are intended solely for the information and use of the Members of the Board and management of JWB and federal and state awarding agencies and pass-through entities and are not intended to be and should not be used by anyone other than these specified parties.

JWB agrees that all records, documentation, and information we request in connection with our audit will be made available to us, that all materia] information will be disclosed to us, and that we will have the full cooperation of JWB 's personnel. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control. and obtain a representation letter from management about these matters. The responses to our inquiries. the written representations, and the results of audit tests comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

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Mr. James Mills  
Juvenile Welfare Board of Pine lias County  
July 17,2003  
Page 5

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any unrecorded misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon. Because of the importance of management's representations to the effective performance of our services, JWB agrees to release KPMG LLP and Its personnel from any claims, liabilities, costs and

expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referred to above.

Subject to Chapter 119, Florida Statutes, the work papers for this engagement are the property of KPMG LLP and constitute confidential information. However, pursuant to Government Auditing Standards, we are required to make certain work papers available to regulatory agencies upon request for their reviews of audit quality and for use by their auditors. In addition, we may be requested to make certain work papers available to regulators pursuant to authority given to it by law or regulation. Access to the requested work papers will be provided under supervision of KPMG personnel. Furthermore, upon request, we may provide photocopies of selected work papers to regulatory agencies. These regulatory agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.

While the audit reports may be sent to JWB electronically by the KPMG engagement partner for JWB's convenience, only the signed (electronically or manually) report constitutes JWB's record copy.

We will also assist management in drafting the financial statements and notes. In accordance with Government Auditing Standards, we are required to confirm that management accepts responsibility for the financial statements and notes, and therefore, has a responsibility to be in a position in fact and appearance to make an informed judgment about them. and that management will:

- . Designate a qualified management-level individual to be responsible and accountable for overseeing the drafting of the financial statements;
- . Establish and monitor the performance of the engagement to ensure that it meets management's objectives;
- . Make any decisions that involve management functions related to the engagement and accept full responsibility for such decisions; and

. Evaluate the adequacy of the financial statements and notes.

Based upon our discussions with management and representations as to the level of assistance JWB will provide, we estimate that our fees will approximate \$50,000, which includes \$5,000 for the implementation of GASB 34. This estimate is based on the level of experience of the individuals who will perform these services and also assumes JWB will not be preparing a Comprehensive

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Mr. James Mills  
Juvenile Welfare Board of Pine lias County  
July 17, 2003  
Page 6

Annual Financial Report (CAFR). Additionally, we estimate an additional \$5,500 (if applicable) for each major program selected under the State Single Audit Act. Our fees will be billed and payable as follows:

\$25,000 at September 15, 2003

\$20,000 at November 30, 2003

with the remainder due upon issuance of our audit opinions.

Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to complete the audit within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

In the event KPMG LLP is requested pursuant to subpoena or other legal process to produce its documents relating to this engagement in judicial or administrative proceedings to which KPMG LLP is not a party, JWB shall reimburse KPMG LLP at standard billing rates for our professional time and expenses, including reasonable attorney's fees, incurred in responding to such request.

As required by Government Auditing Standards, we have attached a copy of KPMG's most recent peer review report.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

KPMG LLP

~S~J'

Partner

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Mr. James Mills  
Juvenile Welfare Board of Pinellas County  
July 17, 2003  
Page 7

ACCEPTED:

Juvenile Welfare Board Of Pinellas County:

Date

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To the ParlnC'r~ vf KPMG I.LP

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\Vc have re\iewc:d the sysll'm or quality control for th~ ac~ounttng

and auditing practice: of  
KPMG LLP (the firm) in effect for the year ended March 31, 2002. The  
system of quality control  
encompasses the firm's organizational structure and the policies  
adopted and procedures  
established to provide it with reasonable assurance of complying  
with professional standards.  
The elements of quality control are described in the Statements on  
Quality Control Standards  
issued by the American Institute of Certified Public Accountants (the  
AICPA). The elements and the responsibilities of the  
firm. In addition, the firm has  
; agreed to comply with the membership requirements of the SEE  
Practice Section of the AICPA  
Division for CPAs (the Section). Our responsibility is to  
conduct an opinion on the design and  
of the system, and the firm's compliance with the  
Section's membership  
requirements based on our review.

Our review was conducted in accordance with standard established  
by the Peer Review  
Committee of the Section and included procedures to plan and  
conduct the review that are  
summarized in the attached description of the peer review process. Our  
review would not  
normally disclose 311 weaknesses in the system of quality  
control or 111 instances of lack of  
compliance with it or with the membership requirements of the  
Section. It was noted that  
several of these are inherent limitations in the  
design of any system of quality  
control. Some of these may occur and not be detected.  
Also, the design of any  
system of quality control is intended to provide a  
reasonable level of assurance of compliance with the  
requirements of the Section, but it does not provide  
absolute assurance of compliance with the requirements of the  
Section.

In our opinion, the system of quality control for the accounting and  
auditing practice of KPMG  
LLP in effect for the year ended March 31, 2002, has been designed  
to provide a reasonable level of assurance of compliance with the  
requirements of the Section. The system of quality control  
described in the attached description of the peer review process  
and the firm's compliance with the requirements of the  
Section during the year then ended to provide a  
reasonable level of assurance of compliance with the  
requirements of the Section. Also, the firm's compliance with the  
requirements of the Section during the year then ended to provide a  
reasonable level of assurance of compliance with the requirements of the  
Section.

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this date that sets forth cnmmcnli  
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#### JUVENILE WELFARE BOARD OF PINELLAS COUNTY

6698 68th Avenue North. SuileAD Pinellas Park. FL 33781-5015  
727-547-56000 FAX 727-547-5610 0 www.jwbpinellas.org  
An Equal Opportunity Employer

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KPMG LLP  
100 Nonh Tampa Street  
Suite 1700  
Tampa. FL 33602

December 9. 2003

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the  
basic financial statements of the Juvenile  
Welfare Board of Pinellas County (JWB) as of and for the year ended  
September 30.2003. We  
understand that your audit was conducted for the purpose of expressing  
an opinion as to whether the  
basic financial statements present fairly the financial position of  
the governmental activities. the

business-type activities, and the aggregate discretely presented component unit of the JWB, and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the basic financial statements of financial position, changes in financial position, and cash flows in conformity with accounting principles generally accepted in the United States of America. We are also responsible for establishing and maintaining effective internal control over financial reporting. Further, we understand that the purpose of your testing of transactions and records from the JWB's federal programs was to obtain reasonable assurance that the JWB had complied, in all material respects, with the requirements of laws, regulations, contracts, and grants that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2003.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have made available to you:
  - a. All financial records and related data.
  - b. All minutes of the meetings of (legislative body, finance board, appropriate committees). or summaries of actions of recent meetings for which minutes have not yet been prepared.



CECILIA BURKE, Chair

JAMES E. MILLS, ACSW, Executive Director  
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7. The JWB has no:

a. Commitments for the purchase or sale of services or assets at prices involving material probable loss.

b. Material amounts of obsolete, damaged, or unusable items included in the inventories at greater than salvage values.

c. Loss to be sustained as a result of other-than-temporary declines in the fair value of investments.

8. The JWB has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

9. Capital assets are properly capitalized, reported and, if applicable, depreciated. There are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

10. Deposits and investment securities are properly classified and reported.

II. The JWB is responsible for the identification of and compliance with all aspects of laws, regulations, contracts, or grants that could have a material effect on the basic financial statement amounts in the event of noncompliance including legal and contractual provisions for reporting specific activities in separate funds and has disclosed those aspects of laws, regulations, contracts, or grants to you.

12. The JWB has complied, in all material respects, with applicable laws, regulations, contracts and grants that could have a material effect on the basic financial statements in the event of noncompliance.

13. The following have been properly recorded or disclosed in the basic financial statements:

a. Related party (such as key administrative, financial, and legislative personnel or businesses they represent or have an interest in) transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties, including revenues, expenditures, loans, transfers, leasing arrangements, and guarantees. We understand that the term "related party" refers to affiliates of the JWB; entities for which investments are accounted for by the equity method by the JWB; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; JWB management; members of the immediate families of JWB management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or it has an ownership

3. Except as disclosed to you in writing, there have been no:

a. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

b. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency.

c. False statements affecting the JWB's (consolidated) financial statements made to you.

4. There are no significant deficiencies in the design or operation of internal controls which could adversely affect the JWB's ability to record, process, summarize and report financial data, and we have identified no material weaknesses in internal controls. We

interpret "significant deficiencies in the design or operation of internal controls" to be consistent with the concept of a "reportable condition," defined under standards established by the American Institute of Certified Public Accountants. Such standards define a "reportable condition" as a significant deficiency in the design or operation of internal control that could adversely affect the entity's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. We understand that the term "material weakness in internal control" is a reportable condition for which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that could be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

5. There are no:

a. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards (SFAS) No.5, Accounting for Contingencies.

b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by SFAS No.5.

c. Material transactions, for example, grants or encumbrances, that have not been properly recorded in the accounting records underlying the basic financial statements.

d. Events that have occurred subsequent to the date of the statement of net assets and through the date of this letter that would require adjustments to or disclosure in the basic financial statements.

6. There are no uncorrected financial statement misstatements to be included on a schedule of uncorrected financial statement misstatements.

interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

b. Guarantees, whether written or oral, under which the JWB is contingently liable.

c. Arrangements with financial institutions involving compensating balances, or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.

d. Agreements to repurchase assets previously sold, including sales with recourse.

e. Changes in accounting principle affecting consistency.

f. The existence of and transactions with joint ventures and other related organizations.

14. The JWB has identified and properly accounted for all nonexchange transactions.

15. The JWB's basic financial statements include all entities that are component units of the JWB as well as joint ventures with an equity interest and the component units have been properly presented as either blended or discrete. The basic financial statements disclose all other joint ventures and other related organizations.

16. The basic financial statements properly classify all funds and activities.

17. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved

18. The JWB has presented all required supplementary information. This information has been measured and prepared within prescribed guidelines.

19. The JWB has complied with all applicable laws and regulations in adopting, approving and amending budgets.

20. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity' s assets where the effect of the theft causes the (consolidated) financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

21. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

a. Management,

b. Employees who have significant roles in internal control, or

c. Others where the fraud could have a material effect on the financial statements.

22. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

23. The JWB has elected to apply the option allowed in paragraph 7 of GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Activities, to the proprietary funds.

24. Receivables reported in the basic financial statements represent valid claims arising on or before the balance-sheet date and appropriate provisions for uncollectible receivables have been properly identified and recorded.

25. The JWB is responsible for determining the fair value of certain investments as required by GASB Statement No. 31. Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The amounts reported represent the JWB's

best estimate of fair value of investments required to be reported under the Statement. The JWB also has disclosed the methods and significant assumptions used to estimate the fair value of its investments.

26. All funds that meet the quantitative criteria in GASB Statement No. 34 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

27. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

28. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

29. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.

30. Special and extraordinary items are appropriately classified and reported.

31. JWB has properly accrued for all fiscal 2003 bonuses.

32. KPMG assisted management in drafting the financial statements and notes. In accordance with Government Auditing Standards, we confirm that we accept responsibility for the financial

statements and notes and that we are in a position to make informed judgments about them. We also confirm that we

a. Designated a qualified management-level individual to be responsible and accountable for overseeing the drafting of the financial statements and notes.

b. Established and monitored the performance of the drafting of the financial statements and notes to ensure it meets our objectives

c. Made all decisions that involve management functions and accept full responsibility for such decisions.

d. Evaluated the adequacy of the financial statements and notes.

33. The JWB is responsible for complying, and has complied, with the requirements of OMB Circular A-133.

34. The JWB has prepared the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133 and has included all expenditures made during the year ended September 30, 2003 for all awards provided by federal agencies in the form of grants. federal cost-reimbursement contracts. loans, loan guarantees. property (including donated surplus property), cooperative agreements. interest subsidies, insurance. food commodities. direct appropriations. and other assistance.

35. The JWB is responsible for complying. and has complied, with the requirements of laws and regulations. and the provisions of contracts and grant agreements related to each of its federal programs.

36. The JWB is responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are managed in compliance with laws, regulations. and the provisions of contracts or grant agreements that could have a material effect on a federal program.

37. The JWB has identified and disclosed to you the requirements of laws. regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

38. The JWB has made available all contracts and grant agreements (including amendments. if any) and any other correspondence with federal agencies or pass-through entities related to major federal programs.

39. The JWB has complied. in all material respects. with the compliance requirements related to its

federal awards except as disclosed to you. The JWB has disclosed to you any interpretations of any compliance requirements that have varying interpretations.

40. The JWB has identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.

41. The JWB has made available all documentation related to the compliance requirements, including information related to federal financial reports and claims for advances and reimbursements for major federal programs.

42. Federal financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared, and are prepared on a basis consistent with that presented in the schedule of expenditures of federal awards.

43. The copies of federal financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

44. The JWB has accurately completed Part I of the data collection form.

45. The JWB has advised you of all contracts or other agreements with service organizations.

46. The JWB has disclosed to you all communications from its service organizations relating to noncompliance at the service organizations.

47. The JWB is not aware of any noncompliance occurring subsequent to September 30, 2003.

48. The JWB has advised you of any changes in internal control over compliance or other factors that might significantly affect internal control including any corrective action taken by management with regard to reportable conditions (including material weaknesses) that have occurred subsequent to September 30, 2003.



Very truly yours.

Board of Pinellas County

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Director Programs and Finance

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Sue Walterick  
Finance Director

Linda Tamanin; M.S., Executive Director  
Richard J. French Jr., Chairman

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~ "licensing childcare since 1951.~

Pinellas County License Board for  
Children's Centers & Family Day Care Homes

Our mission is to protect the health, safety, and mental development  
of children cared for in children's centers and family day care homes  
in Pinellas County.

KPMG LLP  
100 North Tampa Street  
Suite 1700  
Tampa, FL 33602

December 9, 2003

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the  
basic financial statements of the Juvenile Welfare  
Board of Pinellas County (JWB), in which Pinellas County License  
Board (PCLB) is a discretely presented  
component unit, as of and for the year ended September 30, 2003. We  
understand that your audit was conducted  
for the purpose of expressing an opinion as to whether the basic

financial statements present fairly the financial position of the governmental activities, the business-type activities, and the aggregate discretely presented component unit of the JWB, and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the basic financial statements of financial position, changes in financial position, and cash flows in conformity with accounting principles generally accepted in the United States of America. We are also responsible for establishing and maintaining effective internal control over financial reporting. Further, we understand that the purpose of your testing of transactions and records from the JWB's federal programs was to obtain reasonable assurance that the JWB had complied, in all material respects, with the requirements of laws, regulations, contracts, and grants that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2003.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have made available to you:
  - a. All financial records and related data.
  - b. All minutes of the meetings of (legislative body, finance board, appropriate committees), or summaries of actions of recent meetings for which minutes have not yet been prepared.

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669868 Avenue North, Suite C' Pinellas Park' FL' 33781.5015' (727) 547.5800' Fax (727) 547.5897' [www.pclb.org](http://www.pclb.org) ;

26810 U.S. Highway 19 North. Clearwater' FL . 33761.3405 . (727)  
725-9778 . Fax (727) 79\l-8081 . www.pclb.or9  
Funded by Juvenile Welfare Board. Flonda Department of Children and  
Families, and United States Department 01 Agneulture

3. Except as disclosed to you in writing, there have been no:

a. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

b. Violations or possible violations of laws or regulations, the effects of which should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency.

c. False statements affecting the JWB's (consolidated) financial statements made to you

4. There are no significant deficiencies in the design or operation of internal controls which could adversely affect the PCLB's ability to record, process, summarize and report financial data, and we have identified no material weaknesses in internal controls. We interpret "significant deficiencies in the design or operation of internal controls" to be consistent with the concept of a "reportable condition," defined under standards established by the American Institute of Certified Public Accountants. Such standards define a "reportable condition" as a significant deficiency in the design or operation of internal control that could adversely affect the entity's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. We understand that the term "material weakness in internal control" is a reportable condition for which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that could be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

5. There are no:

a. Unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards (SF AS) No.5, Accounting for Contingencies.

b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by SF AS No.5.

c. Material transactions, for example, grants or encumbrances, that have not been properly recorded in the accounting records underlying the basic financial statements.

d. Events that have occurred subsequent to the date of the statement of net assets and through the date of this letter that would require adjustments to or disclosure in the basic financial statements.

6. There are no uncorrected financial statement misstatements to be included on a schedule of uncorrected financial statement misstatements.

7. The PCLB has no:

a. Commitments for the purchase or sale of services or assets at prices involving material probable loss.

b. Material amounts of obsolete, damaged, or unusable items included in the inventories at greater than salvage values.

c. Loss to be sustained as a result of other-than-temporary declines in the fair value of investments.

8. The PCLB has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

9. Capital assets are properly capitalized, reported and, if applicable, depreciated. There are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

10. Deposits and investment securities are properly classified and reported.

II. The PCLB is responsible for the identification of and compliance with all aspects of laws, regulations, contracts, or grants that could have a material effect on the basic financial statement amounts in the event of noncompliance including legal and contractual provisions for reporting specific activities in separate

funds and has disclosed those aspects of laws, regulations, contracts, or grants to you.

12. The PCLB has complied, in all material respects, with applicable laws, regulations, contracts and grants that could have a material effect on the basic financial statements in the event of noncompliance.

13. The following have been properly recorded or disclosed in the basic financial statements:

a. Related party (such as key administrative, financial, and legislative personnel or businesses they represent or have an interest in) transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties, including revenues, expenditures, loans, transfers, leasing arrangements, and guarantees. We understand that the term "related party" refers to affiliates of the PCLB; entities for which investments are accounted for by the equity method by the PCLB; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; PCLB management; members of the immediate families of PCLB management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

b. Guarantees, whether written or oral, under which the PCLB is contingently liable.

c. Arrangements with financial institutions involving compensating balances, or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.

d. Agreements to repurchase assets previously sold, including sales

with recourse.

e. Changes in accounting principle affecting consistency.

f. The existence of and transactions with joint ventures and other related organizations.

14. The PCLB has identified and properly accounted for all nonexchange transactions.

15. The PCLB has complied with all applicable laws and regulations in adopting, approving and amending budgets.

16. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the (consolidated) financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

17. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

a. Management,

b. Employees who have significant roles in internal control, or

c. Others where the fraud could have a material effect on the financial statements.

18. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

19. Receivables reported in the basic financial statements represent valid claims arising on or before the balance-sheet date and appropriate provisions for uncollectible receivables have been properly identified

and recorded.

20. The PCLB is responsible for complying, and has complied, with the requirements of OMB Circular A-133.

21. The PCLB has prepared the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133 and has included all expenditures made during the year ended September 30, 2003 for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

22. The PCLB is responsible for complying, and has complied, with the requirements of laws and regulations, and the provisions of contracts and grant agreements related to each of its federal programs.

23. The PCLB is responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are managed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on a federal program.

24. The PCLB has identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

25. The PCLB has made available all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities related to major federal programs.

26. The PCLB has complied, in all material respects, with the compliance requirements related to its federal awards except as disclosed to you. The PCLB has disclosed to you any interpretations of any compliance requirements that have varying interpretations.

27. The PCLB has identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards, including the results of other audits or program reviews.

28. The PCLB has made available all documentation related to the compliance requirements, including information related to federal financial reports and claims for advances and reimbursements for major federal programs.

29. Federal financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared, and are prepared on a basis consistent with that presented in the schedule of expenditures of federal awards.

30. The copies of federal financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

31. The PCLB has advised you of all contracts or other agreements with service organizations.

32. The PCLB has disclosed to you all communications from its service organizations relating to noncompliance at the service organizations.

33. The PCLB is not aware of any noncompliance occurring subsequent to September 30, 2003.

34. The PCLB has advised you of any changes in internal control over compliance or other factors that might significantly affect internal control including any corrective action taken by management with regard to reportable conditions (including material weaknesses) that have occurred subsequent to September 30, 2003.

Very truly yours,

Pinellas County License Board

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Executive Director

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Sue Walterick  
Finance Director