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Juvenile Welfare Board of Pinellas County

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9-30-2004

## **JWB FY04 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-133

September 30, 2004

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Action

Item III.A.  
Regular Meeting 01/13/05

TO:

Juvenile Welfare Board Members

FROM: James E. Mills, Executive Dlrect...;--{\tJ'--  
Lisa Sahulka, Director of prograil vFlnan~  
Sue Walterlck, Finance Director r 0

Requested Action

The Board is requested to receive by resolution the 2004 Annual  
Financial Report  
and the accompanying management letter.

Options

1. Receive the 2004 Annual Financial Report and accompanying management letter.
2. Receive and direct staff to proceed at the request of the Board.

Recommended Action

Receive the 2004 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 2003-04 Annual Financial Report.

This presentation is consistent with the new GASB 34 requirements for governmental agencies, which were mandated, last fiscal year. 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: MD&A (Management Discussion and

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## JUVENILE WELFARE BOARD

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

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Independent Auditors' Report on the Financial Statements

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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, 2004, 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. The prior year summarized comparative information has been derived from the Juvenile Welfare Board's 2003 financial statements and in our report dated December 9, 2003, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund.

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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, 2004, 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.

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In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2004 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should

bc considered in assessing the results of our audit.

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KPMG LLP, a us limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative

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The management's discussion and analysis and the budgetary comparison information on pages 3 through 9 and on page 28, respectively, 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.

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. The schedule of expenditures of federal awards 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.

KPM~ LCP

December 8,2004

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## JUVENILE WELFARE BOARD

Management's Discussion and Analysis  
September 30, 2004  
(unaudited)

As management of the Juvenile Welfare Board of Pine Hias County, Florida (JWB) we offer the readers of JWB's financial statements this narrative overview and analysis of the financial performance of JWB for the fiscal year ended September 30, 2004. 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 increased by \$738,018 (or 9%).
- . Governmental net assets increased by \$516,751 (or 10%) and business-type net assets increased by \$221,267 (or 8%).
- . Governmental activities revenues increased by \$3,751,148 (or 10%). The expenses increased by \$2,964,790 (or 8%).
- . Business-type activities revenues increased \$110,109 (or 11%). The expenses increased by \$30,318 (or 3%).

### Using this Annual Report

This presentation is consistent with the Governmental Accounting Standards Board (GASB) Statement No. 34 requirements for governmental agencies. The 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 Financial 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 administration 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. 11 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.

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 recorded when the underlying transaction occurs. Therefore, some revenues and expenses reported will result in

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## JUVENILE WELFARE BOARD

Management's Discussion and Analysis  
September 30, 2004  
(unaudited)

expenditures in future years (e.g. earned but unused vacation/sick leave). GASB 34 also requires depreciation to be recorded for all applicable capital assets. JWB is required to establish a method of calculating depreciation and to establish the useful life for the assets. JWB's financial statements includes the governmental activities related to children & family program services and general administration, and business-type activities related to building rental and a web-based data collection system.

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.

The governmental fund financial statements provide information based on current sources and uses of resources of JWB's general fund operations. These statements provide the detail to develop the budget or financial plan. They also allow 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 not reported in the fund financial statements.

The proprietary fund 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.

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 – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is a part of this section.

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JUVENILE WELFARE BOARD

Management's Discussion and Analysis  
September 30, 2004  
(unaudited)

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets compared to the prior year. As of September 30, 2004, net assets totaled \$8.9 million.

JUVENILE WELFARE BOARD'S NET ASSETS							
(Dollars in thousands)							
	Governmental activities		Business-type activities		Total		Primary
	2004	2003	2004	2003	2004	2003	
Current and other assets	\$ 11,341.772	10,582.059	1,243.388	920.083	12.585.160	11,502.142	
Capital assets	152.759	165.724	2.012.272	2.106,788	2.165.031	2,272,512	
Total assets	11,494,531	10,747,783	3,255.660	3,026,871	14.750,191	\3.774,654	
Other liabilities	5.388.396	5,157,315	144.761	143,004	5,533.157	5.300.319	
Long-term liabilities	268,809	269,893	19,314	\3.549	288.123	283.442	
Total liabilities	5.657,205	5,427.208	164,075	156,553	5,821,280	5.583,761	
Net assets:							
Invested in capital assets	152,759	165,724	2.012,272	2,106,788	2.165.031	2,272,512	

Unrestricted 5,684,567 5,154,851 1,079,313 763,530 6,763,880  
5,918,381  
Total net assets \$ 5,837,326 5,320,575 3,091,585 2,870,318 8,928,911  
8,190,893

In 2004, invested in capital assets (land, buildings, furniture and equipment) represents 24% of JWB's total net assets. JWB has no outstanding debt. Capital assets are used to provide services to the citizens of Pine Lias County and therefore are not available for future spending. Unrestricted net assets represent 76% of total net assets.

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## JUVENILE WELFARE BOARD

Management's Discussion and Analysis  
September 30, 2004  
(unaudited)

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

### JUVENILE WELFARE BOARD'S CHANGES IN NET ASSETS

(Dollars in thousands)

	Governmental	Business-type	Total				
	Activities	Activities	Primary	Government			
	2004	2003	2004	2003	2004	2003	
Revenues:							
Program revenues:							
Charges fOT services	\$ 84,992	97,884	1,120,043	1,009,934	1,205,035	1,107,818	
Grants - operating	1,120,722	633,983	1,120,722	633,983			
General revenues:							
Property taxes	38,099,046	34,880,806	38,099,046	34,880,806			
Investment income	227,093	178,697	227,093	178,697			
Miscellaneous	26,402	15,737	26,402	15,737			
Total revenues	39,558,255	35,807,107	1,120,043	1,009,934	40,678,298	36,817,041	
Expenses:							
Children and family programs	34,769,159	31,863,805	34,769,159	31,863,805			
Administration	4,272,345	4,212,909	4,272,345	4,212,909			
49111 Street Building	76,992	68,443	76,992	68,443			
Pinellas Park Building	455,397	396,740	455,397	396,740			
SAMIS	366,387	403,275	366,387	403,275			
Total expenses	39,041,504	36,076,714	898,776	868,458	39,940,280	36,945,172	
Increase (decrease) in net assets	516,751	(269,607)	221,267	141,476	738,018	(128,131)	
Net assets - beginning of year	5,320,575	5,590,182	2,870,318	2,728,842	8,190,893	8,319,024	
Net assets - end of year	\$ 5,837,326	5,320,575	3,091,585	2,870,318	8,928,911	8,190,893	

Governmental Activities. Due to the value of the taxable property base increasing, JWB's property tax revenues



increased \$3.2 million or 9% over the prior year. JWB has not increased the property millage rate of .8117 since 1996. Operating grant revenue increased from \$633,983 to \$1,120,722 as a result of a one-time funding from the Florida Department of Children and Families and an increase in funding from the Department of Justice for our Safe Start Program,

JWB experienced an increase in investment income of \$48,396 due to interest rates and investment yields resurging with a stronger, positive growth and higher invested balances throughout the year.

The total cost of governmental activities increased \$2,964,790 over the prior year, General government expenses include JWB's investment in children and family program services and administrative expenses. The vast majority of the increase in expenses related to additional funding of children and family program services. The increase in net assets for the year was \$516,751 reflecting an increase of \$786,358 from the prior year. A portion of unrestricted net assets is available to cover any deficit, which might occur within governmental activities,

Business-Type Activities. Net assets of business-type activities increased by \$221,267 or 6% from the prior year. Charges for services increased by 11% from the prior year or by \$110,109. This was a result of increased rent on both buildings and to the users of the statewide SAMIS system,

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. JUVENILE WELFARE BOARD

Management's Discussion and Analysis  
September 30, 2004  
(unaudited)

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 HVB's Funds

Governmental Funds. Governmental funds provide a short-term view of 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 2004, JWB's governmental fund balance was approximately \$6.0 million. Included in this fund balance is \$358,564 designated for short-term disability benefits, \$74,842 for catastrophic sick leave pool, \$1,476,318 for future years' expenditures, and \$2,028 for Cooperman-Bogue awards. There is an undesignated, unreserved fund balance amount of approximately \$4.1 million at September 30, 2004.

The Statement of Revenues, Expenditures, and Changes in Fund Balance, which is found on page 14, reflects the excess of revenues over expenditures. The fund balance increased by \$533,030 in fiscal 2004. The total fund balance includes an unreserved amount of approximately \$4.1 million available for emergencies and will also be used for cash flow in October and November 2004. In the current fiscal year, tax collections were higher, and investment income and grant revenues were also higher.

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 49th Street building fund increased by \$114,620 due to scheduled increases in rent.

Net assets of the Pinellas Park building fund decreased by \$35,639. The decrease represents excess expenses over revenues of \$105,639, offset by a \$70,000 Board approved equity transfer from the 49th Street building fund. Rents are established to cover all expenses other than depreciation.

Net assets of the SAMIS fund increased by \$142,286, representing amounts available for future technology needs.

The net assets of the building funds are \$2,864,140, which includes capital assets of \$1,991,940 and unrestricted net assets of \$872,200, which is available to cover liabilities and other capital improvements necessary for the buildings. Future capital improvements have been identified for the 49th Street building and the Pinellas Park building, which will be completed within the next five years. Pending Board approval, these improvements will be purchased using dollars available in the proprietary funds.

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## JUVENILE WELFARE BOARD

Management's Discussion and Analysis  
September 30, 2004  
(unaudited)

### 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 approximately \$293,000. This increase was a Board action in the beginning of the fiscal year to accept grant dollars to conduct community based prevention programs.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual, which is found on page 28, reflects actual expenditures to budget were approximately \$6.2 million less than the final budget amounts. A Board emergency reserve of \$3.7 million that is contained in the original and final budgets, results in an actual lapse of \$2.5 million.

JWB funded children and family programs for 66 agencies and 128 programs in the amount of \$34.8 million during fiscal 2004.

JWB received \$852,309 from the Office of Juvenile Justice and Delinquency Prevention for the Safe Start program.

Capital Assets and Debt Administration

JWB's investment in capital assets for the governmental and business-type activities is \$2.2 million, net of accumulated depreciation. The chart below includes land, buildings, improvements, and furniture and equipment, net of accumulated depreciation.

JUVENILE WELFARE BOARD'S CAPITAL ASSETS

(Dollars in thousands)

Governmental activities Business-type activities  
2004 2003 2004 2003

Total Primary Government  
2004 2003

Land  
Buildings and improvements  
Furniture, fixtures and equipment

434,296  
1,577,976

434,296  
1,672,492

434,296  
1,672,492  
165,724

2,272,512

434,296  
1,577,976  
152,759

2,165,031

\$

152,759  
152.759

165.724

2,012.272

2,106,788

Total

\$

165.724

Governmental Activities. JWB's capital technology expenditures in fiscal 2004 included costs for computer hardware and software. These capital additions were offset by the retirement of some obsolete equipment and current year depreciation expense.

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.

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.

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JUVENILE WELFARE BOARD

Management's Discussion and Analysis

September 30, 2004  
(unaudited)

### Economic Factors, Next Year's Budget, and Tax Rates

The following factors were considered in preparing JWB's budget for fiscal year 2004-2005:

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 10% per year. In fiscal year 2003-2004, the county's property values stood at \$49.7 billion; the current valuation for fiscal year 2004-2005 is \$54.9 billion, an overall increase of 10% or \$5.2 billion in property value.

. The adopted fiscal year 2004-2005 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 2005, the budget reflects no increase in the millage rate of .8117 mills.

. The overall operating budget is \$49.4 million, an increase of 7% over the budget for fiscal year 2004, which is primarily targeted at increasing services to children and families.

### Information Contact

The 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](http://www.iwbpinellas.org).

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JUVENILE WELFARE BOARD  
Statement of Net Assets  
September, 30, 2004  
(with comparative summarized financial information for 2003)  
Component 2003  
Prima, ,?, 20Vl'rnment Unit Total  
Governmental Business.type 2004 Plnellas County Primar)'  
Assets activities activities Total License Board Government  
Cash and cash equivalents \$ 11,752,238 11,752,238 10,570, \80  
Due from other governments 524,182 122,144 646,326 186,727 542, \54  
Due from other agencies 136,854 136,854 682 372,874  
Receivables 14,996 14,996 424 681  
Deposit<> 34,746 34,746 16,253  
Internal balances (1, \2\, 244) 1,121,244  
Due from primary government 294,880  
Capital assets (nct of accumulated depreciation)  
Non-depreciable 434,296 434,296 434,296  
Depreciable, net of accumulated depreciation 152,759 1,577,976 \,  
730,735 41, \48 1,838,216  
Total assets 11,494,531 3,255,660 14,750,19\ 523,861 13,774,654



Liabilities

Agency payables	4,569,887	4,569,887	4,468,914
Accounts payable	333,695	333,695	320,213
Other payables	4,782	4,782	2,560
Accrued liabilities	58,643	8,244	166,887
Defm-cd Teyenue	8,393	136,517	144,910
Due to component unit	294,880	294,880	203,459
Long-tenn liabilities:			
Due in one year	8,16	8,16	7,92
Due in more than one year	268,809	9,34	288,23
Total liabilities	5,657,205	64,075	5,821,280
Net Assets			
Invested in capital assets	52,759	2,012,272	2,65,03
Unrestricted	5,684,567	1,079,313	6,763,880
Total net assets	\$ 5,837,326	3,09	5,85 8,928,91

See accompanying notes to financial statements.

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JUVENILE \VELF ARE BOARD

Balance Sheet - General Fund  
September 30, 2004  
(with comparative financial information for 2003)

Assets

| 2004          | 2003       |
|---------------|------------|
| \$ 11,752,238 | 10,570,180 |
| 524,182       | 520,354    |
| 136,854       | 201,933    |
| 14,996        | 681        |
| 34,746        | 16,253     |
| \$ 12,463,016 | 11,309,401 |

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

|               |            |
|---------------|------------|
| \$ 4,569,887  | 4,468,914  |
| 333,695       | 320,213    |
| 4,782         | 2,560      |
| 158,643       | 134,141    |
| 8,393         | 14,310     |
| 1,121,244     | 727,342    |
| 294,880       | 203,459    |
| 6,491,524     | 5,870,939  |
| 2,028         | 2,028      |
| 358,564       | 354,352    |
| 1,476,318     | 1,659,860  |
| 74,842        | 64,228     |
| 4,059,740     | 3,357,994  |
| 5,971,492     | 5,438,462  |
| \$ 12,463,016 | 11,309,401 |

Fund balance:

Designated for Cooperman-Bogue

Designated for disability benefits

Designated for future years' expenditures

Designated for sick leave pool

Undesignated, unreserved

Total fund balance

Total liabilities and fund balance

See accompanying notes to financial statements.

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JUVENILE WELFARE BOARD

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

September 30, 2004

(with comparative financial information for 2003)

2004

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

\$

5,971,492

152,759

\$

(286,925)

5,837,326

See accompanying notes to financial statements.

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2003

5,438,462

165,724

(283,611)

5,320,575

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JUVENILE WELFARE BOARD

Statement of Revenues, Expenditures, and Changes in Fund Balance –  
General Fund

Year ended September 30, 2004

(with comparative financial information for 2003)

2004 2003

Revenues:

Property taxes \$ 38,099,046 34,880,806

Fees 84,992 97,884

Intergovernmental 1,120,722 633,983

Investment income 227,093 178,697

Other 26,402 15,737

Total revenues 39,558,255 35,807,107

Expenditures:

|                                  |            |            |
|----------------------------------|------------|------------|
| Administration                   | 4,182,569  | 4,037,287  |
| Children and family programs     | 34,769,159 | 31,863,805 |
| Capital outlay                   | 73,497     | 65,549     |
| Total expenditures               | 39,025,225 | 35,966,641 |
| Net change in fund balance       | 533,030    | (159,534)  |
| Fund balance – beginning of year | 5,438,462  | 5,597,996  |
| Fund balance – end of year \$    | 5,971,492  | 5,438,462  |

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, 2004

(with comparative financial information for 2003)

2004

2003

Net change in fund balance – general fund

Amounts reported for governmental activities in the statement

of net assets 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

\$

533,030

(159,534)

73,497

(86,462)

65,549

(158,141)

(3,314)

516,751

(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, 2004  
(with comparative summarized financial information for 2003)  
49th Street Pinellas Park 2004 2003  
SA~LIS Bulldin~ Building Total Total

Assets  
Current assets:  
Due from other governments \$ 100,344 21,800 122,144 192,741  
Due from other funds 252,855 965,793 1,218,648 867,720  
Noncurrent assets:  
Land and improvements 243,496 190,800 434,296 434,296  
Buildings and improvements 856,447 2,137,395 2,993,842 2,993,842  
Furniture, fixtures, and equipment 24,001 24,001  
Accumulated depreciation (3,669) (810,747) (625,451) (1,439,867)  
(1,321,350)  
Total assets 373,531 1,276,789 1,702,744 3,353,064 3,167,249

Liabilities  
Current liabilities:  
Accrued liabilities 3,782 4,462 8,244 6,487  
Deferred revenue 136,517 136,517 136,517  
Due to other funds 97,404 97,404 140,378

Noncurrent liabilities:

Accrued compensated absences 5,787 13,527 19,314 13,549

Total liabilities 146,086 115,393 261,479 296,931

Net assets

Investment in capital assets 20,332 289,196 1,702,744 2,012,272

2,106,788

Unrestricted (deficit) 207,113 987,593 (115,393) 1,079,313 763,530

Total net assets \$ 227,445 1,276,789 1,587,351 3,091,585 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, 2004

(with comparative summarized financial information for 2003)

SA~IIS

Operating revenues:

Charges for services \$ 508,673

Operating expenses:

Personnel services 82,864

Contractual services 270,118

Utilities

Supplies 1,586

Repairs and maintenance 1,350

Other operating expenses 6,800

Depreciation 3,669

Total operating expenses 366,387

Change in net assets before  
transfers 142,286

Transfers

Change in net assets 142,286

Net assets – beginning of year 85,159

Net assets – end of year \$ 227,445

49th Street

Building 2

PineUas Park 2004 2003

BuUding Total Total

349,758 1,120,043 1,009,934

98,700 181,564 170,987

41,097 311,215 331,602

100,334 100,334 95,297

12,384 14,304 9,673

106,377 129,467 106,897

23,080 43,375 39,155

73,425 118,517 114,847

455,397 898,776 868,458

(105,639) 221,267 141,476

70,000

(35,639) 221,267 141,476

1,622,990 2,870,318 2,728,842

1,587,351 3,091,585 2,870,318

261,612

334  
21,740  
13,495  
41,423  
76,992

184,620  
(70,000)  
114,620  
1,162,169  
1,276,789

See accompanying notes to financial statements.

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JUVENILE WELFARE BOARD  
Statement of Cash Flows – Enterprise Funds  
Year ended September 30, 2004  
(with comparative summarized financial information for 2003)  
49th Street Pinellas Park 2004 2003  
SA1\IIS Bulldlna: Bulldlnr; Total Total

|                                                                                                          |            |           |           |           |           |
|----------------------------------------------------------------------------------------------------------|------------|-----------|-----------|-----------|-----------|
| Cash flows from operating activities:                                                                    |            |           |           |           |           |
| Receipts from customers                                                                                  | \$ 579,270 | 261,612   | 349,758   | 1,190,640 | 1,010,767 |
| Payments to vendors                                                                                      | (279,854)  | (35,569)  | (283,272) | (598,695) | (584,531) |
| Payments to employees                                                                                    | (80,530)   | (93,512)  | (174,042) | (157,438) |           |
| Net cash provided by (used in) operating activities                                                      | 218,886    | 226,043   | (27,026)  | 417,903   | 268,798   |
| Cash flows from noncapital financing activities:                                                         |            |           |           |           |           |
| Transfers to other funds                                                                                 | (70,000)   | 70,000    |           |           |           |
| Increase in due from other funds                                                                         | (194,885)  | (156,043) | (42,974)  | (393,902) | (268,798) |
| Net cash provided by (used in) noncapital financing activities                                           | (194,885)  | (226,043) | 27,026    | (393,902) | (268,798) |
| Cash flows from capital and related financing activities:                                                |            |           |           |           |           |
| Acquisition of capital assets                                                                            | (24,001)   | (24,001)  |           |           |           |
| Net cash used in capital and related financing activities                                                | (24,001)   | (24,001)  |           |           |           |
| Net change in cash and cash equivalents                                                                  |            |           |           |           |           |
| 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:                  |            |           |           |           |           |
| Operating income (loss)                                                                                  | \$ 142,286 | 184,620   | (105,639) | 221,267   | 141,476   |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |            |           |           |           |           |
| Depreciation                                                                                             | 3,669      | 41,423    | 73,425    | 118,517   | 114,847   |
| Decrease in due from other agencies/governments                                                          | 70,597     | 70,597    | 832       |           |           |
| Increase (decrease) in accrued liabilities                                                               | 763        | 994       | 1,757     | (1,906)   |           |
| Increase in accrued compensated absences                                                                 | 1,571      | 4,194     | 5,765     | 13,549    |           |
| Total adjustments                                                                                        | 76,600     | 41,423    | 78,613    | 196,636   | 127,322   |
| Net cash provided by (used in) operating activities                                                      | \$ 218,886 | 226,043   | (27,026)  | 417,903   | 268,798   |

See accompanying notes to financial statements.

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2004

(1)

Organization

The Juvenile Welfare Board of Pinellas County, Florida (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 fund 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 (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 and operations of PCLB and has accountability for fiscal matters of the PCLB. 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 Financial 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 paid to JWB for goods or

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JUVENILE WELFARE BOARD

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Notes to Financial Statements  
September 30, 2004

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

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Fund Financial Statements

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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.

a

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.

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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.

49th 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 expire in fiscal 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.

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(c) ~feasurement Focus and Basis of Accountitrg

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.

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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, 2004

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

(d)

#### 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 used 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 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 approximately \$293,000 during fiscal 2004.

(e)

#### Cash and Cash Equivalents

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

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JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2004

(f)

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

(g) 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.

(h) Fund Balance

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

(i)

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.

(j)

#### 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.

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JUVENILE WELFARE BOARD

Notes to Financial Statements  
September 30, 2004

(k) Summarized Financial Information for 2003

The financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Juvenile Welfare Board's financial statements for the year ended September 30, 2003, from which the summarized information was derived.

(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, 2004:

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

\$

4,768,605  
6,983,533  
100  
11,752,238

5,100,343

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 \$6,983,533 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 of Administration fund is comprised of bankers' acceptances, certificates of deposit, commercial paper, federal agency obligations, medium-term notes and floating rate notes, repurchase agreements, treasury bills, notes, and bonds.

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, JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2004

(4)

Interfund Receivables, Payables and Transfers

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

Receivable fund

Payable fund

General \$

General

General

Pinellas Park Building

Component unit

SAMIS

49th Street Building

General

Amount

\$

294,880

252,855

965,793

97,404

1,610,932

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.

Transfers to/from other funds for the period were as follows:

Transfers to fund

Pinellas Park Building

Transfers from fund

49th Street Building

This transfer was approved by the Board and used for minor building renovations.

(5)

Capital Assets

Capital asset activity for the year ended September 30, 2004 was as follows:

Capital assets being depreciated:  
Furniture, fixtures, and equipment  
Less accumulated depreciation

Capital assets, net

October 1,  
2003  
\$ 466,238  
(300,514)  
\$ 165,724

Governmental activities  
Additions Disposals  
and and  
transfers in transfers out

73,497  
(86,462)

(12,965)

(54,583)  
54,583

Depreciation expense of \$86,462 was allocated to administration expense.

24

Amount

\$  
\$

70,000  
70,000

September 30,  
2004

485,152  
(332,393)

152,759

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JUVENILE WELFARE BOARD

Notes to Financial Statements  
September 30, 2004

Business-type activities  
Additions Disposals  
October 1, and and September 30,  
2003 transfers in transfers out 2004  
Capital assets not being depreciated:  
Land and improvements \$ 434,296 434,296  
Capital assets being depreciated:  
Building and improvements 2,993,842 2,993,842  
Furniture, fixtures and equipment 24,001 24,001  
Total capital assets 3,428,138 24,001 3,452,139  
Less accumulated depreciation:  
Building and improvements (1,321,350) (114,848) (1,436,198)  
Furniture, fixtures and equipment (3,669) (3,669)  
Capital assets, net \$ 2,106,788 (94,516) 2,012,272

(6)

General Long-Term Obligations

The following is a schedule of changes in long-term liabilities for  
fiscal year ended September 30, 2004.

Beginning  
balance

Ending  
balance

Due in  
one year

Increases

Decreases

Compensated absences – JWB \$

283,611  
138,718

247,905  
110,916

(244,591 )  
(98,327)

286,925  
151,307

18,116  
7,921

Compensated absences – PCLB \$

(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 State of Florida Division of Retirement. The 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 service 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.

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## JUVENILE WELFARE BOARD

### Notes to Financial Statements

September 30, 2004

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.Dublic.DUub.htm](http://www.frs.state.fl.us/frs.Dublic.DUub.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, 2004, 2003, and 2002 were \$355,198, \$302,054, and \$327,576, respectively.

(8)

#### Operating Lease – Rent Income

The Board, as a lessor, has lease agreements on its Pinellas Park administrative office facilities, which expire 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, 2004:

Fiscal year

2005

2006

Pinellas Park

49th Street

152,691

\$

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.

(e) Designated for Future Year's Expenditures

The fiscal 2004 Budget Resolution appropriated the amount of \$1,476,318 from the fiscal 2004 year fund balance for expenditures authorized in excess of anticipated revenue during fiscal year 2005 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.

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## JUVENILE WELFARE BOARD

Notes to Financial Statements  
September 30, 2004

### (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, 2004, 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

(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) Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. 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, 2004

(Unaudited)

|                                  | Variance<br>with final<br>budget | Original<br>budget | Final<br>budget | favorable<br>Actual | (unfavorable) |
|----------------------------------|----------------------------------|--------------------|-----------------|---------------------|---------------|
| Revenues:                        |                                  |                    |                 |                     |               |
| Property taxes                   | \$ 38,857,106                    | 38,857,106         | 39,039,084      | 181,978             |               |
| Fees                             | 109,000                          | 109,000            | 84,992          | (24,008)            |               |
| Intergovernmental                | 1,109,429                        | 1,402,429          | 1,120,722       | (281,707)           |               |
| Interest income                  | 200,000                          | 200,000            | 227,093         | 27,093              |               |
| Other                            | 2,000                            | 2,000              | 26,402          | 24,402              |               |
| Total revenues                   | 40,277,535                       | 40,570,535         | 40,498,293      | (72,242)            |               |
| Expenditures:                    |                                  |                    |                 |                     |               |
| Current:                         |                                  |                    |                 |                     |               |
| Administration                   | 4,151,267                        | 4,321,170          | 4,008,929       | 312,241             |               |
| Children and family programs     | 36,553,229                       | 36,858,729         | 34,769,159      | 2,089,570           |               |
| Nonoperating                     | 5,095,422                        | 4,913,019          | 1,113,678       | 3,799,341           |               |
| Capital outlay                   | 77,617                           | 77,617             | 73,497          | 4,120               |               |
| Total expenditures               | 45,877,535                       | 46,170,535         | 39,965,263      | 6,205,272           |               |
| Net change in fund balance       | \$ (5,600,000)                   | (5,600,000)        | 533,030         | 6,133,030           |               |
| Fund balance - beginning of year |                                  | 5,438,462          |                 |                     |               |
| Fund balance - end of year       |                                  | \$ 5,971,492       |                 |                     |               |

See accompanying independent auditors' report.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters 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 Pinellas County, Florida:

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We have audited the 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, 2004, which collectively comprise the Juvenile Welfare Board's basic financial statements and have issued our report thereon dated December 8, 2004. 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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## Internal Control over Financial Reporting

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In planning and performing our audit, we considered the Juvenile Welfare Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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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## Compliance and Other Matters

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As part of obtaining reasonable assurance about whether the Juvenile Welfare Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required

to be reported under Government Auditing Standards.

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This report is intended solely for the information and use 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 LLP

December 8, 2004

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JUVENILE WELFARE BOARD  
Schedule of Expenditures of Federal Awards  
Year ended September 30, 2004

Federal grantor/pass through Federal Grant or Federal  
grantor/progTam title CFDA" contract number expenditures  
U.S. Department of Agriculture:  
Passed through Florida Department a/Health  
Child Care Food Program (PCW) 10.558 0-0001 \$ 991,778  
Total U.S. Department of Agriculture 991,778  
U.S. Department of Health and Human Services:  
Passed through FlaM"do Department a/Children and Families  
Licensing Enhancement Program (peLB) 93.575 QC4A3 216,936

Child Care Development Block Grant (PCLB) 93.575 QC5A3 71,725  
 Total Program 288,661  
 Passed through Florida Department a/Children and Families  
 and the Pine/las Counl)' School Board  
 Licensing Training Program (pelS) 93.667 N/A 9,000  
 Total u.s. Department of Health and Human Services 297,661  
 U.S. Department of Justice:  
 Office of Juvenile Justice & Delinquency Prevention Program (JWB)  
 16.458 2000-JW-VX-K003 852,309  
 Total U.S. Department of Justice 852,309  
 Total Expenditures of Federal Awards \$ 2,141,748  
 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, 2004

(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 Nonprofit 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.

(3)

Subrecipients

Of the federal expenditures presented in the schedule, the Juvenile Welfare Board and its component unit, the Pinellas County License Board, provided federal awards to subrecipients as follows:

Program Title

Office of Juvenile Justice & Delinquency  
Prevention Program

Federal CFDA  
Number

Amount  
provided to  
subrecipients

16.458

\$432,759

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

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

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Compliance

We have audited the compliance of the Juvenile Welfare Board of Pinellas County, Florida (the 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 its major federal program for the year ended September 30, 2004. The Juvenile Welfare Board's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Juvenile Welfare Board's management. Our responsibility is to express an opinion on the Juvenile Welfare Board's compliance based on our audit.

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We conducted our audit of compliance in accordance with 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 of the Juvenile Welfare Board's compliance with those requirements.

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In our opinion, the Juvenile Welfare Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2004-1.

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#### Internal Control Over Compliance

The management of the Juvenile Welfare Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants

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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 on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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 reportable 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 caused by error or fraud 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.

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

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December 8, 2004

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JUVENILE WELFARE BOARD

Schedule of Findings and Questioned Costs  
Year ended September 30, 2004

(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.

(I) There was one audit finding disclosed which is required to be reported in accordance with Section 510(a) of OMB Circular A-133.

(g) Major programs:

CFDA No.

U.S. Department of Justice:  
Office of Juvenile Justice & Delinquency Prevention Program

16.458

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

(2)

(i) The auditee qualified as a low-risk auditee.

Findings Relating to the Basic Financial Statements

None.

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JUVENILE WELFARE BOARD  
Schedule of Findings and Questioned Costs  
Year ended September 30, 2004

Finding 2004-01

Findings and Questioned Costs Relating to Federal Awards

(3)

Criteria or specific  
requirement:

Condition:

Questioned Cost:

Context/Effect:

Recommendation:

Management's  
Response:

CFDA# 16.458 Juvenile Justice & Delinquency Prevention  
Program Department of Justice

A pass-through entity is responsible for, at the time of the award, identifying to the subrecipient the Federal Award information (CFDA title and number, award name, name of Federal Agency) and applicable compliance requirements and ensuring a subrecipient expending \$500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of OMB

Circular A-133.

JWB initiated and signed contracts with subrecipients. The contracts did not stipulate the CFDA title and number, award name, name of the Federal agency, or applicable compliance requirements. JWB also did not ensure the subrecipients complied with the audit requirements of OMB Circular A-133.

None. Although JWB did not stipulate the above criteria in the contract, JWB did monitor the subrecipient in the current year and reviewed invoices charged to the grant.

Not including the above criteria in the contracts, the subrecipients were not aware of their duty to comply with the grant requirements under OMB Circular A-133.

We recommend JWB contact subrecipients immediately and inform them that the funds received are federal grant funds which must comply with OMB Circular A-133.

On October 5, 2004, JWB sent notification to the four subrecipients regarding federal funds awarded, monitoring requirements and CFDA title and number, along with a request for certification as to federal funds expended and compliance with Circular A-133. Certification responses were received from all four entities.

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Management Letter

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

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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, 2004, and have issued our report thereon dated December 8, 2004.

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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. We have also issued our report dated December 8, 2004, 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 grant agreements and other matters. Disclosures in that report, if any, should be considered in conjunction with this management letter.

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Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General. which govern the conduct of governmental audits performed in the State of Florida and require that certain items be addressed in this letter. The Rules of the Auditor General Section 10.554(1)(11)(1) require that, unless otherwise required to be reported in the auditors' report on internal control and compliance and other matters, a management letter shall include a statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no significant findings and recommendations made in the preceding annual financial audit.

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The Rules of the Auditor General Section 10.554(1)(h)(2) require that we determine whether or not the Juvenile Welfare Board complied with Section 218.415, Florida Statutes, regarding the investment of public funds. The Juvenile Welfare Board was in compliance with Section 218.415, Florida Statutes as it relates to the investment of public funds.

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The Rules of the Auditor General, Section 10.554(1)(h)(3) require that we report any recommendations to improve the Juvenile Welfare Board's financial management, accounting procedures, and internal controls. There are no recommendations to improve the Juvenile Welfare Board's financial management, accounting procedures, and internal controls.

The Rules of the Auditor General, Section 10.554(1)(11)(4) state that, if not already reported in the auditors' report on internal control and compliance and other matters, the management letter shall include, unless clearly inconsequential:

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(a) Violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and were discovered within the scope of the audit.

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(b) Improper or illegal expenditures discovered within the scope of the audit that may not materially affect the financial statements.

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(c) Deficiencies in internal control that are not reportable conditions, including, but not limited to:

(1) Improper or inadequate accounting procedures (i.e., the omission of required disclosures from the annual financial statements).

(2) Failures to properly record financial transactions.

(3) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

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The results of our audit disclosed no violations of laws, rules, regulations or contractual provisions or abuse, no improper or illegal expenditures, or other deficiencies in internal control.

The Rules of the Auditor General Section 10.554(1)(h)(5) also require that we report on the Juvenile Welfare Board's name or official title and legal authority. In that regard, the Juvenile Welfare Board was established by Legislature through Chapter 23.483 Special Acts of 1945, and codified in the Laws of Florida Chapter 2003-320.

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As required by the Rules of Auditor General Section IO.554(1)(h)(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.

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As required by the Rules of the Auditor General Section 10.554(1)(h) (6)(b), we determincd that the annual financial report for the Juvenile Welfare Board for the fiscal year ended September 30, 2004, filed with the Florida Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2004.

As required by the Rules of the Auditor General Sections 10.554(h)(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.

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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.

KPIV{G- LCP

December 8, 2004

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

December 8, 2004

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

Ladies and Gentlemen:

We have audited the basic financial statements of the Juvenile Welfare Board (JWB) as of and for the year ended September 30, 2004, and have issued our report thereon dated December 8, 2004. Under our professional standards, we are providing you with the attached information related to the conduct of our audit.

Our Responsibility Under Generally Accepted Auditing Standards and Government Auditing Standards

We have a responsibility to conduct our audit of the financial statements in accordance with professional standards. In carrying out this responsibility, we planned and performed the audit 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 the characteristics of fraud, we are 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 of the financial statements, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit of the financial statements does not include examining the effectiveness of internal control and does not provide assurance on internal control.

We also performed our audit in accordance with Government Auditing Standards, Government Auditing Standards have additional financial statement audit requirements (both general and fieldwork related) and require that we report on the internal control over financial reporting and on compliance and other matters.

Accounting Policies and Alternative Treatments

Significant Accoullting Policies

The significant accounting policies used by JWB are described in Note 2 to the basic financial statements, There were no changes in accounting policies used by JWB during the year,

#### Unusual Transactions

There was no unusual transaction that occurred in the current fiscal year.

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Members of the Board  
Juvenile Welfare Board of Pine Hills County, Florida  
December 8, 2004  
Page 2

#### Audit Adjustments and Uncorrected Misstatements

##### Audit Adjustments

We proposed no corrections to the financial statements as a result of our audit procedures.

##### Uncorrected Misstatements

In connection with our audit of JWB's financial statements, we have not identified any significant financial statement misstatements that have not been corrected in JWB's books and records as of and for the year ended September 30, 2004 and have communicated that finding to management.

#### Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing JWB's basic financial statements and our auditors' report thereon does not extend beyond the financial information identified in our auditors' report, and we have no obligation to perform any procedures to corroborate other information contained in these documents, for example, Management's Discussion and Analysis. We have, however, read the other information included in JWB's basic financial statements, and no matters came to our attention that cause

us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

#### Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditors' report on JWB's basic financial statements.

#### Consultation with Other Accountants

To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the year ended September 30, 2004.

#### Major Issues Discussed with the Board and Management Prior to Retention

We generally discuss a variety of matters with the Board and management each year prior to our retention by the Board as JWB's auditors. The result of these discussions was not a condition to our retention.

#### Difficulties Encountered in Performing the Audit

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

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Members of the Board  
Juvenile Welfare Board of Pinellas County, Florida  
December 8, 2004  
Page 3

#### Material Written Communications

Attached to this report please find copies of the following material written communications between management and us:

- 1) Engagement letter;
- 2) Management representation letter

## Independence

We hereby confirm that as of December 8, 2004, we are independent accountants with respect to JWB under all relevant professional and regulatory standards.

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This report to the Board is intended solely for the information and use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties. This report is not intended for general use, circulation or publication and should not to be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

Very truly yours,

KPMG- LCP

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KPMG UP  
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Telephone  
Fax  
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813 223 1466  
813 229 3976  
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September 8, 2004

Mr. James Mills  
Executive Director  
Juvenile Welfare Board of Pinellas County



6698 – 68th Avenue North, Suite A  
Pine lias Park, FL 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, 2004, 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).

Objectives and limitations of services

Financial statement audit

We will conduct the audit 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 as to whether the presentation of the financial statements conforms with accounting principles generally accepted in the United States of America. In conducting the audit. we will perform tests of the accounting records and such other procedures as we consider necessary in the circumstances to provide a reasonable basis for our opinions on the financial statements. We also will assess the accounting principles used and significant estimates made by management, as well as evaluate the overall financial statement presentation.

Our report will be addressed to the Board of Directors of J\\'13. We cannot provide assurance that an unqualified opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement.

Our audit is planned and performed to obtain reasonable, but not absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit

evidence and the characteristics of fraud. Therefore, there is a risk that material errors, fraud (including fraud that may be an illegal

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Mr. James Mills  
Juvenile Welfare Board of Pinellas County  
September 8, 2004  
Page 2

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.

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. 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.

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, violations of which could have a direct and material affect on the financial statements. 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, Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

(GAS report), on our consideration of internal control and tests of compliance made as part of our audit of the financial statements. While the objective of our audit of the financial statements is not to report on JWB's internal control and we are not obligated to search for reportable conditions as part of our audit, this report will include any reportable conditions to the extent they 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. This report will also include all illegal acts and fraud, and material violations of grants and contracts, and abuse to the extent they come to our attention. It will indicate that it is intended solely for the information and use of the Board and management of JWB and federal awarding agencies and pass-through entities and that it is not intended to be and should not be used by anyone other than these specified parties.

In accordance with Government Auditing Standards we will also issue a management letter to communicate other deficiencies in internal controls that are not reportable conditions, and other violations of grants and contracts, and abuse that come to our attention unless clearly inconsequential.

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.

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Mr. James Mills  
Juvenile Welfare Board of Pine lias County  
September 8, 2004  
Page 3

OMB Circular A-I33

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.

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 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. It will indicate that it is intended solely for the information and use of the Board and management of JWB and federal awarding agencies and pass-through entities and that it is not intended to be and should not be used by anyone other than these specified parties.

Our responsibility to communicate with the Board of ,TWB

We will communicate to the Board of JWB verbally disagreements with management or other serious difficulties encountered in performance of our audit services. We believe verbal communication of matters such as those noted above is the appropriate form to provide open and frank dialogue.

We will report to you, in writing, the following matters:

. Audit adjustments arising from the audit that could, in our judgment, either individually or in aggregate, have a significant effect on JWB's financial reporting process. In this context, audit

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Mr. James Mills  
Juvenile Welfare Board of Pinellas County  
September 8, 2004  
Page 4

adjustments, whether or not recorded by the entity, are proposed corrections of the financial statements that, in our judgment, may not have been detected except through the auditing procedures performed.

. Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in aggregate.

. Other matters required to be communicated by Statement on Auditing Standards No. 61, Communication with Audit Committees.

We will also read minutes of Board meetings for consistency with our understanding of the communications made to you and determine that you have received copies of all material written communications between ourselves and management. We will also determine that you have been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to

account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

If, in the performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to you our reasons for withdrawal.

#### Management responsibilities

The management of JWB is responsible for the fair presentation, in accordance with accounting principles generally accepted in the United States of America, of the financial statements and all representations contained therein. Management also is responsible for preventing and detecting fraud, for adopting sound accounting policies and establishing and maintaining effective internal controls and procedures for financial reporting to maintain the reliability of the financial statements, and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. Management also is responsible for informing us of all reportable conditions, of which it has knowledge, in the design or operation of such controls. Management also is responsible for identifying and ensuring that JWB complies with laws, regulations, contracts and grants applicable to its activities, and for informing us of any known material violations of such laws and regulations.

JWB agrees that all records, documentation, and information we request in connection with our audit will be made available to liS, that all material 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

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Mr. James Mills

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.

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;
- . Corre;;tive 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.

In accordance with Government Auditing Standards, as part of our planning of the audit we will consider the results of previous audits and follow up on known significant findings and recommendations that directly relate to the objectives of the audit. To assist us, management agrees to identify previous financial audits, attestation engagements, pcrformance audits, or other studies related to the objectives of the audit being undertaken and to identify corrective actions taken to address significant findings and recommendations prior to the commencement of final

field work.

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.

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Mr. James Mills  
Juvenile Welfare Board of Pine lias County  
September 8, 2004  
Page 6

Management is also responsible for providing us with written responses in accordance with Government Auditing Standards to the findings included in the GAS report within 14 days of being provided with draft findings.

Management is responsible for the distribution of the reports issued by KPMG. In accordance with Government Auditing Standards, the reports issued citing Government Auditing Standards are to be made available for public inspection.

Other matters

This letter shall serve as JWB' s authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG LLP (KPMG) and JWB and between KPMG and outside specialists or other entities engaged by either KPMG or JWB. JWB acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be



compromised through no fault of KPMG.

Further, for purposes of the services described in this letter only, JWB hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all names, logos, trademarks and service marks of JWB solely for presentations or reports to JWB or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

#### Work paper access by regulators and others

The work papers for this engagement are the property of KPMG. Pursuant to Government Auditing Standards, we are required to make certain work papers available in a full and timely manner 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.

In the event KPMG 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 is not a party, JWB shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such request.

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Mr. James Mills

Other Government Auditing Standards matters

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

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.
- Evaluate the adequacy of the financial statements and notes.
- Prepare Management's Discussion and Analysis.

Fees for services

Based upon our discussions with and representations of the JWB' s Board and management, we estimate that our fees will be \$55,000.

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.

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Mr. James Mills  
Juvenile Welfare Board of Pinellas County  
September 8, 2004  
Page 8

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

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Partner

DMJ:pd

ACCEPTED:

Juvenile Welfare Board of Pinellas County

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Date

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To the Partners of KPMG [L!'  
. and the SEe Prtietice Section Peer Review Commillee:

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We have reviewed the sys!Cltl of quality control. for. the acCounting

and auditing practice of KPMG LLP (the firm) in effect for the year ended March 31, 2002. A 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 design of the system, and compliance with it, are the responsibilities of the firm. In addition, the firm has agreed to comply with the membership requirements of the SEC Practice Section of the AICPA Division for CPA Firms (the Section). Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system and the Section's membership requirements based on our review.

. Our review was conducted in accordance with standards established by the Peer Review Committee of the Section and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it or with the membership requirements of the Section since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards. Also, in our opinion, the

firm complied during that year with the membership requirements of the Section in all material respects.

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

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October 28, 2002

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October 28, 2002

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P.O. Box 8m  
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Telephonl:' (97]) ]:if, 7000  
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To the Partners ofKPMG LLP  
and the SEC Practice Section Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the firm) in etText for the year ended March 31, 2002, and have issued Our report thereon dated October 28, 2002. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report, which should be read in conjunction with this letter.

#### Engagement Performance

Comment - The firm has comprehensive policies and procedures regarding the supervision of engagement personnel and review of their work, including assuring that procedures performed and findings and conclusions have been adequately documented. It was

noted in our review, as well as in the firm's internal inspection, that the review and supervision process on some engagements did not identify instances where (i) the audit work performed and the related conclusions were not fully documented, (ii) minor performance issues related to the execution of the engagement were not detected, or (iii) minor financial statement disclosures were overlooked. There were certain areas in which these observations were more prevalent than others, including income taxes (principally the consideration of key accounting issues and the testing of certain tax-related items), analytical procedures (principally the development and documentation of expectations), and the qualifications of external experts. Through discussion with firm personnel and the review of documentation on the engagements that led to this comment, we were satisfied that the nature and significance of each instance would not have altered the conclusions reached or impacted the financial statements taken as a whole.

Recommendation - We recommend that the firm reinforce its review and supervision policies and procedures through enhanced training and coaching, and consider other practices aimed at continually improving the consistency of their performance. Particular emphasis should be placed on the specific areas described above.

#### Personnel Management

Comment - The firm's policies for performance management include processes for goal-setting, individual evaluation and interim and annual assessments. Our testing identified instances where these processes were not documented in a timely manner, including instances where annual evaluations were not on file prior to announcing promotions,

Recommendation - We recommend formal communications to all professional staff emphasizing the importance of timely and meaningful feedback to the development of personnel, and more rigorous monitoring and follow-up on untimely or missing documentation.

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JUVENILE WELFARE BOARD OF PINELLAS COUNTY

6698 68th Avenue North, Suite A c:J Pinellas Park, FL 33781-5015  
727-547-5600 c:J FAX 727-547-5610 c:J WW'N.jwbpinellas.org  
An Equal Opportunity Employer

KPMG J..LP  
J 00 North Tampa Street  
Suire 1700  
Tampa, Florida 33602

December 8. 2004

Ladies and Gentlemen:

We are providing this leucr in connecrion with your audit of the basic llnancial statements of the Juvenile Welfare Board of Pine lias Connty. Flodda (J\\'13), as of and fOr the year ended Seprember 30.2004. We nnderstand that your audit was conducted for the purpose of ~'pressjng an opinion as to whether the basic tlll.1ncial statements present fairly the financial position of the governmental activities, the bUsiness-type activities, the discretely presented componenlunit of JWB. rtnd the respective changes in financial position and cash flows, where applicable. in conformity with ,lccountin:; principles generally accepted in the United Statc~ of America. We con[um that weare tesponsible 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 Srates of America. We are also responsible for establishing and maintaining effectiv~ internal control over tinancial reporting. Further. w~ understand thsllhe purpose of your testing of transactions and records from JWn's federal programs wa, It) obtain reasonable assurance that !\VB had complied. in all nurcri.l resp~cts, with the requirements of laws. r~gulations, conltracts, and gr.nts that could have a direct

and material effect on each of its major federal programs for the year ended September 30, 2004.

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:

VAN C. SAYLER, Chair

JAMES E. MILLS, ACSW, Executive Director

Page 2

a. All financial records and related data.

b. All minutes of the meetings of the Board, or summaries of actions of recent meetings for which minutes have not yet been prepared.

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, whose effects should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency.

4. There are no significant deficiencies in the design or operation of



internal controls which could adversely affect 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 in 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 assessment, that our lawyers have advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards (SPAS) 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.

Page 3

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 adjustment 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. IWB 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.

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

9. Capital assets, including infrastructure 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. Derivatives and investment securities are properly classified and  
reported.

11. IWB 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. IWB 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,

Page 4

- a. Related party transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties. We understand that the term "related party" refers to affiliates of JWB; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; key administrative, financial, and legislative personnel and other members of JWB management or businesses they represent or have an interest in; 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 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 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. JWB has identified and properly accounted for all nonexchange transactions.

15. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the basic financial statements:

a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;

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b. The amount of credit risk of financial instrument, with off-balance-sheet credit risk and information about the collateral supporting such financial instruments; and

c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

16. JWB's reporting entity includes all entities that are component units of JWB. Such component units have been properly presented as either blended or discrete. The basic financial statements disclose all other joint ventures and other related organizations. Based on a strict interpretation of GASB #14, as amended by GASB #39, JWB's only component unit is the PineHaven County License Board.

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

18. 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.

19. JWD has complied with all tax and debt limits and with all debt related covenants.

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

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

22. 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 basic financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

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

a, Management,

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

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

24. We have no knowledge of any allegations of fraud or suspected fraud affecting JWB received in communications from employees, former employees, analysts, regulators, or others.

25. JWD has not 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.

26. Receivables reported in the basic financial statements represent valid claims arising on or before the date of the statement of net assets and appropriate provisions for uncollectible receivables have been properly identified and recorded.

27. JWB is responsible for determining the fair value of certain investments as required by GASB Statement No. 31. Accounting and Financial Reporting for Certain Investment Pools. The amounts reported represent JWB's best estimate of fair value of investments required to be reported under the Statement. JWB also has disclosed the methods and significant assumptions used to estimate the fair value of its investments, and the nature of investments reported at amortized cost.

28. 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 considered to be particularly important to financial statement users by management.

29. 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.

30. 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.

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

32. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting and disclosure purposes are appropriate in the circumstances.

33. In accordance with Government Auditing Standards, we have identified to you the significant findings and recommendations from previous financial audits, attestations, performance audits, or other studies related to the objectives of this audit and have accurately communicated to you the related corrective actions taken to address the finding.,.

34. 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.

e. Prepared management's discussion and analysis.

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

36. 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 end September 30, 2004 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.

37. 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

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federal programs. JWB has disclosed to you my interpretations of any compliance requirements that have varying interpretations.

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

39. There are no reportable conditions in the design or operation of internal control which could adversely affect JWB's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations and the provisions of contracts and grant agreements. Under standards established by the American Institute of Certified Public Accountants, a "reportable condition" is defined as a significant deficiency in the design or operation of internal control that could adversely affect JWB's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations and the provisions of contracts and grant agreements. 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,



do not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations and the provisions of Contract and grant agreements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions,

40. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the entity's federal programs involving:

a. Management, including management involved in the administration of federal programs

b. Employees who have significant roles in internal control over the administration of federal programs

c. Others where the fraud could have a material effect on compliance with laws and regulations, and provisions of contract and grant agreements related to its federal programs.

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41. 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

42. 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.

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

44. JWE 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.

45. JWB is in compliance with the documentation requirements contained in OMB Circular A-87, "Cost Principles for State, Local and Tribal Governments" for all costs charged to federal awards, including both direct costs and indirect costs charged through Cost allocation plans or indirect cost proposals. Costs charged to federal awards are considered allowable under the applicable cost principles contained in OMB Circular A-87.

46. Federal financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared.

47. 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.

48. JWB has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133. JWB has issued management decisions on a timely basis after receipt of subrecipient audit reports that identified non-compliance with laws, regulations, or the provisions of contracts or grant agreements, and has ensured that subrecipients have taken appropriate and timely corrective action on all such findings.

49. JWB has considered the results of subrecipient audits and has made all necessary adjustments to the accounting records.

50. JWB has accurately completed all of the data collection forms.

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

52. JWB (including PCLD) has received less than \$300,000 of state grants and is not subject to the requirements of the state single audit.

Very truly yours.

Linda J. French

Sue Walteriek  
Finance Director

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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,

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

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

December 8, 2004

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, Florida (JWB), in which Pinellas County License Board (PCLB) is a discretely presented component unit, as of and for the year ended September 30, 2004. 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 units, of 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 PCLB's federal programs was to obtain reasonable assurance that PCLB 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, 2004.

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 recited 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 the Board, or Summaries of actions of recent meetings for which minutes have not yet been prepared.

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, whose effects should be considered for

disclosure in the basic financial statements or as a basis for recording a loss contingency.

669868 Avenue Norll1, Suite C . Plnollas Park' FL'  
33781.5015' (727) 547-5800' Fax (727) 547-5897' WIIoW,pclb,arg  
26810 U,S, HI ~ws 19 Nonh . Clea/W3ter' FL' 33761.3405, 727 725-9778'  
Fax 727 799-8081 . www, clb,or  
P,nde<! by Ju,en"e Welfare Bearo, Floria, De0Jr1m'n1 of en;ld,en 8nd  
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4. There are no significant deficiencies in the design or operation of internal controls which could adversely affect PCTB '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 (SPAS) 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. 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.

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

9. Capital assets, including infrastructure 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.

11. 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. 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 transactions including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties. We understand that the term "related party" refers to affiliates of PCLB; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; key administrative, financial, and legislative personnel and other members of PCLB management or businesses they represent or have an interest in; 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 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. PCLB has identified and properly accounted for all nonexchange transactions.

15. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the basic financial statements:

a. Extent, nature, and terms of financial instruments with off-balance-sheet risk;

b. The amount of credit risk of financial instruments with off-balance-sheet credit risk and information about the collateral supporting such financial instruments; and

c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

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 basic 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 basic financial statements.

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

19. Receivables reported in the basic financial statements represent valid claims arising on or before the date of the statement of net assets and appropriate provisions for uncollectible receivables have been properly identified and recorded.

20. 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.

21. 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.

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

23. PCLS is responsible for complying, and has complied, with the requirements of OMB Circular A-133.

24. peiD assisted JWB in preparing 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, 2004 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.

25. 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. PCLB has disclosed to you any interpretations of any compliance requirements that have varying interpretations.

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

27. There are no reportable conditions in the design or operation of internal control which could adversely affect PCLB's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations and the provisions of contracts and grant agreements. Under standards established by the American Institute of Certified Public Accountants, a "reportable condition" is defined as a significant deficiency in the design or operation of internal control that could adversely affect PCLB's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations and the provisions of contracts and grant agreements. 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 noncompliance

with the applicable requirements of laws, regulations and the provisions of contract and grant agreements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

28. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the entity's federal programs involving:

a. Management, including management involved in the administration of federal programs

b. Employees who have significant roles in internal control over the administration of federal programs

c. Others where the fraud could have a material effect on compliance with laws and regulations, and provisions of contract and grant agreements related to its federal programs.

29. 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.

30. 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.

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

32. 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.

33. PCLB is in compliance with the documentation requirements contained in OMB Circular A-87, "Cost Principles for State, Local and Tribal Governments" for all costs charged to federal awards, including both direct costs and indirect costs charged through cost allocation plans or indirect cost proposals. Costs charged to federal awards are considered allowable under the applicable cost principles contained in OMB Circular A-87.

34. Federal financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared.

35. 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.

36. PCLB has assisted JWB in accurately completing Part I of the data collection form.

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

Very truly yours,

Pinellas County License Board

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Marianne Czamatowicz  
Office Administrator

Sue Walterick  
fWB Finance Director