

University of South Florida St. Petersburg

Digital USFSP

JWB Agendas/Minutes/Historical Audits

Juvenile Welfare Board of Pinellas County

9-30-2009

JWB FY09 Audited Financial Statements

Juvenile Welfare Board of Pinellas County.

Follow this and additional works at: https://digital.stpetersburg.usf.edu/jwb_meetings

JUVENILE WELFARE BOARD

Financial Statements

September 30, 2009



JUVENILE WELFARE BOARD

Table of Contents

	Page
Report of Independent Auditors	1
Management's Discussion and Analysis (Unaudited)	2
Basic Financial Statements:	
Government- Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet - General Fund	12
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	15
Proprietary Fund Financial Statements:	
Statement of Net Assets - Enterprise Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Enterprise Funds	17
Statement of Cash Flows - Enterprise Funds	18
Notes to the Financial Statements	19
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund (Budgetary Basis) (Unaudited)	32
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 <i>Government Auditing Standards</i>	33
Independent Auditors' Management Letter	35



Report of Independent Auditors

Members of the Board
Juvenile Welfare Board of Pinellas County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Juvenile Welfare Board of Pinellas County ("JWB"), as of and for the year ended September 30, 2009, which collectively comprise JWB's basic financial statements as listed in the table of contents. These financial statements are the responsibility of JWB'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 JWB's 2008 financial statements and, in our report dated February 3, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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.

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, each major fund and the aggregate remaining fund information of JWB as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2010 on our consideration of JWB's internal control over financial reporting and 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 be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison schedule as listed in the table of contents 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.

Cherry, Bekaert & Holland, L.L.P.

Tampa, Florida
January 15, 2010

JUVENILE WELFARE BOARD

Management's Discussion and Analysis

September 30, 2009
(Unaudited)

As management of the Juvenile Welfare Board of Pinellas County (JWB) we offer the readers of the JWB's financial statements this narrative overview and analysis of the financial performance of JWB for the fiscal year ended September 30, 2009. 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 \$ 4,175,980 (or 25%). The net assets of the governmental activities increased by \$6,121,402 (or 45%) while the business-type net assets decreased by \$1,945,422 (or -64%). This is due to a transfer of a fund balance from the business-type assets.
- For the year, JWB's governmental activities total expenses of \$52,524,992 reflected a reduction over the prior year by \$3,485,531 (or -6%). The total revenue decreased by \$1,975,425 (or -3%). This is due to a reduction in property tax revenue.
- In JWB's business-type activities, revenue decreased by \$1,037,370 or (or -92%) and the expenses decreased by \$973,083 (or -77%). This is due to the close out and transfer of the 49th Street building fund and close out of the SAMIS business activity.
- The General Fund incurred a net increase of \$6,095,456.
- The expenditures were \$14,830,407 less than budgeted for the General Fund. This includes an amount of \$12,000,000 budgeted for the program stabilization reserve that remains set aside per the May 2009 Board action and an amount of \$2,830,407 of the budget that was actually not expended.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the financial statements is on JWB as a whole (government-wide) and the major individual funds allowing for comparisons and enhanced accountability. The sections are as follows: Management's Discussion and Analysis (MD&A), Basic Financial Statements (Government-Wide and Fund Financial Statements) along with the Notes to the Financial Statements and Required Supplementary Information.

Government-wide financial statements. The government-wide financial statements present readers a broad overview of JWB's financial operations for the fiscal year in a manner similar to a private sector business. There are two categories included which are governmental and business-type. 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 operation management.

The Statement of Net Assets presents information on JWB's assets and liabilities, with the difference between the two being 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.

JUVENILE WELFARE BOARD

Management's Discussion and Analysis (continued)

September 30, 2009
(Unaudited)

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 expenditures in future years (e.g. earned but unused vacation/sick leave). Depreciation for all capital assets is recorded also.

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, not the JWB as a whole.

The governmental fund financial statements provide information based on current inflows and outflows of spendable resources and the balances available at the end of the fiscal year. 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 Pinellas Park Building. The 49th Street Building was sold in December 2008 and its fund balance was transferred to the general fund. The JWB collaboration with other Children's Services Councils in the development and implementation of the web-based data collections system resulted in SAMIS activities being transferred to another Children's Services Council for fiscal administration.

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.

Other Supplementary Information. In addition to the basic financial statements, this report also contains other required supplementary information. This includes Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Assets compared to the prior year. As of September 30, 2009, net assets totaled \$20.8 million. In 2009, investment in capital assets (land, buildings, furniture and equipment) represents 26% of JWB's total net assets. JWB has no outstanding debt. Capital assets are used to provide services to the citizens of Pinellas County and therefore are not available for future spending. Unrestricted net assets represent 74% of total net assets.

JUVENILE WELFARE BOARD

Management's Discussion and Analysis (continued)

September 30, 2009
(Unaudited)

JUVENILE WELFARE BOARD'S NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 23,182,148	\$ 19,719,632	\$ (329,883)	\$ 1,486,129	\$ 22,852,265	\$ 21,205,761
Capital Assets	4,006,008	3,984,132	1,433,898	1,732,015	5,439,906	5,716,147
Total assets	<u>27,188,156</u>	<u>23,703,764</u>	<u>1,104,015</u>	<u>3,218,144</u>	<u>28,292,171</u>	<u>26,921,908</u>
Other liabilities	7,031,595	9,664,535	1,284	166,119	7,032,879	9,830,654
Long-term liabilities	389,547	393,617	16,387	20,259	405,934	413,876
Total liabilities	<u>7,421,142</u>	<u>10,058,152</u>	<u>17,671</u>	<u>186,378</u>	<u>7,438,813</u>	<u>10,244,530</u>
Net assets						
Invested in capital	4,006,008	3,984,132	1,433,898	1,732,015	5,439,906	5,716,147
Unrestricted (deficit)	15,761,006	9,661,480	(347,554)	1,299,751	15,413,452	10,961,231
Total net assets	<u>\$ 19,767,014</u>	<u>\$ 13,645,612</u>	<u>\$ 1,086,344</u>	<u>\$ 3,031,766</u>	<u>\$ 20,853,358</u>	<u>\$ 16,677,378</u>

The following schedule reflects the condensed Statement of Changes in Net Assets compared to the prior year. Total revenues for JWB decreased by 3%, primarily due to a decrease in tax revenues and investment earnings. Total expenses decreased by only 6% over the prior year.

JUVENILE WELFARE BOARD'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 41,388	\$ 46,850	\$ 89,279	\$ 1,117,739	\$ 130,667	\$ 1,164,589
Operating grants and contributions	137,935	164,534	-	-	137,935	164,534
General revenues:						
Property taxes	54,910,498	56,169,705	-	-	54,910,498	56,169,705
Investment income	6,232	679,761	-	7,057	6,232	686,818
Miscellaneous	7,829	18,457	-	1,853	7,829	20,310
Total revenues	<u>55,103,882</u>	<u>57,079,307</u>	<u>89,279</u>	<u>1,126,649</u>	<u>55,193,161</u>	<u>58,205,956</u>
Expenses:						
Administration	5,618,600	5,551,098	-	-	5,618,600	5,551,098
Children & family programs	46,906,392	50,459,425	-	-	46,906,392	50,459,425
49th Street Building	-	-	22,230	262,804	22,230	262,804
Pinellas Park Building	-	-	266,036	579,098	266,036	579,098
SAMIS	-	-	-	419,447	-	419,447
Total expenses	<u>52,524,992</u>	<u>56,010,523</u>	<u>288,266</u>	<u>1,261,349</u>	<u>52,813,258</u>	<u>57,271,872</u>
Increase(decrease) in net assets	2,578,890	1,068,784	(198,987)	(134,700)	2,379,903	934,084
Special Item -gain on sale of building	-	-	1,969,080	-	1,969,080	-
Transfers	3,542,512	-	(3,542,512)	-	-	-
Transfers to other government agencies	-	-	(173,003)	-	(173,003)	-
Increase(decrease) in net assets after Special Item / Transfers	6,121,402	1,068,784	(1,945,422)	(134,700)	4,175,980	934,084
Net assets beginning	13,645,612	12,576,828	3,031,766	3,166,466	16,677,378	15,743,294
Net assets ending	<u>\$ 19,767,014</u>	<u>\$ 13,645,612</u>	<u>\$ 1,086,344</u>	<u>\$ 3,031,766</u>	<u>\$ 20,853,358</u>	<u>\$ 16,677,378</u>

JUVENILE WELFARE BOARD

Management's Discussion and Analysis (continued)

September 30, 2009
(Unaudited)

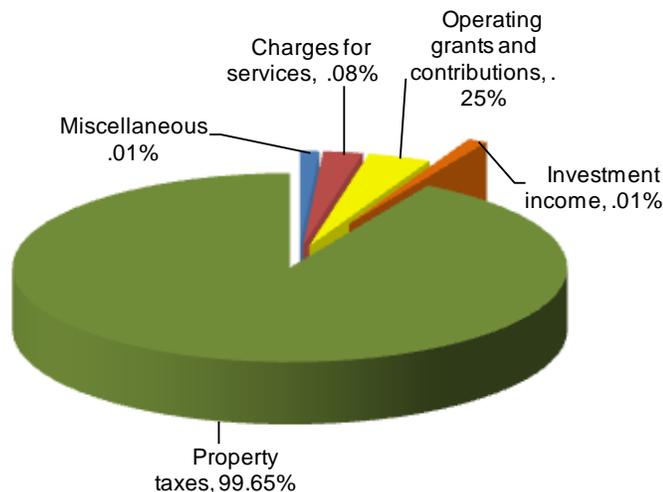
Governmental activities. The current property tax valuation for fiscal year 2008-2009 was \$73.1 billion which is an overall decrease of 8.74%. On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution restricting property taxation effective October 1, 2008. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

For fiscal year 2009 the budget reflects a millage increase in .7915 mills from the prior year millage rate of .7384 mills. Even though the Board approved an increase in millage rate, the results of legislation per above resulted in a decrease of approximately \$1 million in tax revenue to JWB from the prior year. The adopted fiscal year 2008-2009 budget reflects a sufficient funding level to support the major initiatives of JWB, but is conservative in its use of tax dollars. The overall operating budget is \$68.5 million, an increase of .9% over the budget for fiscal year 2008 and is primarily targeted at maintenance of services to children and families.

Operating grant revenue and contributions decreased from \$164,534 to \$137,935 as a result of a reduced collaboration with the Board of County Commissioners of Pinellas County, Florida, for the operation of the Health and Human Services Coordinating Council.

JWB experienced a decrease in investment earnings of \$673,529 from the prior year due to reduced investment rates and reporting the market loss of \$100,000 from an investment in the Florida PRIME (Florida Local Government Surplus Trust) Fund B account. An overall reduction resulted in a decrease of 99% in investment yield.

Revenues by Source - Government Activities

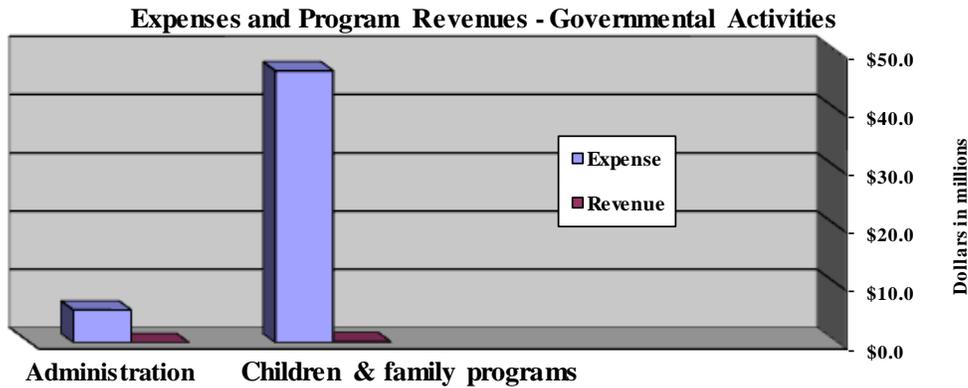


JUVENILE WELFARE BOARD

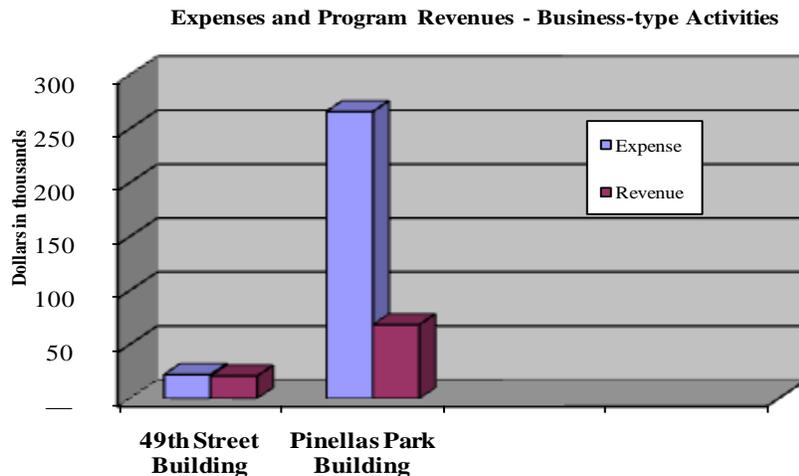
Management's Discussion and Analysis (continued)

September 30, 2009
(Unaudited)

The total expense of governmental activities decreased by \$3,485,531 from the prior year. General government expenses include JWB's investment in children and family program services and administrative expenses. The JWB Board specifically reduced budget expenses in the childcare program services due to other funding sources received by that program and reduced budget expenses in the counseling program services due to late start up of that program. These lapse dollars will be utilized to balance the budget over the next three years. Administrative staff continue to use cost saving measures to help counteract potential downturns in revenues. Other sources of revenue provide a small support for the governmental activities.



Business-type activities. Net assets of business-type activities decreased by \$198,987 from the prior year before the special item and transfers. Revenues from charges for services decreased by 92% from the prior year or by \$1,028,460. This was the result of one month rent for the 49th Street building before its sale and two months of rent for the Pinellas Park building before it was vacated. The 49th Street building only incurred expenses for two months prior to the sale. Expenses at the Pinellas Park Building decreased due to maintaining the building operation for ten months without tenants. The Statewide SAMIS fiscal operations were transferred to the Palm Beach Children's Services Council effective October 2008. Due to sale of the 49th Street building, the fund was closed into the General fund.



JUVENILE WELFARE BOARD

Management's Discussion and Analysis (continued)

September 30, 2009
(Unaudited)

FINANCIAL ANALYSIS OF JWB's FUNDS

The JWB uses fund accounting to display compliance with finance related legal requirements.

Governmental funds. Governmental funds provide a detail, short-term view of JWB's general government operations and the services provided. Governmental fund information helps determine the amount of short-term financial resources available for JWB programs. The unreserved fund balance represents net resources at the end of the fiscal year available for discretionary or emergency spending.

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 2009, JWB's general fund balance was approximately \$16.2 million (an increase of \$6,095,456 or approximately 61%). The net increase included \$2,560,078 of excess revenues over expenditures and \$3,535,378 from a fund transfer due to the close of the 49th Street Building Enterprise Fund. The unreserved portion of the fund balance consists of designations in the amounts of \$405,620 for disability benefits, \$1,954,985 for future years' expenditures, \$41,120 for sick leave pool, and \$13,748,828 for program stabilization.

The Statement of Revenues, Expenditures, and Changes in Fund Balance, which is found on page 14, reflects the excess of revenues over expenditures. The total fund balance includes an unreserved amount of approximately \$13.8 million available for emergencies, for cash flow in October and November 2009 and for the program stability fund to be used over a three-year period. This is projected to reduce or eliminate further cuts in children's services.

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

The net assets of the 49th Street building fund decreased by \$1,567,747 due to sale of the building in December 2008. In the Pinellas Park building fund, net assets decreased by \$204,672 due to termination of tenant contracts in December 2008. The net assets of the Non Major fund decreased by \$173,003 due to a transfer of the fund to the Children's Services Council of Palm Beach County.

The total net assets of the Pinellas Park building fund are \$1,086,344. Of that amount, a deficit of \$347,554 remains due to maintenance of the building. The Pinellas Park building has been listed for sale, however if an opportunity for another short-term lease arrangement should become available awaiting the sale of the commercial property, it would be considered. Upon sale of the building, dollars available in the unrestricted fund balance will be used to fund future services to children and families.

The special item is revenue from the sale of the 49th Street building. JWB owned the property since 1976 and leased it since 1996. The building and land were sold in December 2008 and its fund was closed into the general fund.

JUVENILE WELFARE BOARD

Management's Discussion and Analysis (continued)

September 30, 2009
(Unaudited)

General Fund Budget Highlights

The JWB Board revised the budget of the General Fund twice during the year for an overall increase in appropriations of \$12,362. This increase was completed by two Board Actions during the fiscal year. The first occurred in July in acceptance of \$10,210 in Pinellas County Department of Health grant dollars for the Health and Human Services Coordinating Council program (administered under JWB) to facilitate and coordinate the development of health information systems in support of uninsured health care. The second increase of \$2,152 was effective for September to JWB administration for evaluation of a 21st Century Grant program.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual, which is found on page 32, reflects actual budget variances which reflects a favorable variance of approximately \$13 million. The revenue variance of approximately \$2 million is primarily due to grants which were never realized and investment income reduced by a decline rates along with a market decline in a Florida PRIME (Florida Local Government Surplus Trust) Fund B account. The expenditure variance of approximately \$15 million includes a .1% lapse in administrative operations which resulted from adherence to a constrained budget. The children and family programs lapse includes \$5.2 million in agency services. Of this amount, \$3.3 million is a Board decision to vote preapproval of a lapse in childcare based on those programs having received other funds for the services and a lapse in new counseling network funds that would not be utilized. The other \$1.9 million occurred as a result of JWB’s cautious decision to withhold the allocation of additional funds to agencies. Future budget shortfalls could possibly cause disruption in the continuation of services if funded now. The \$9.5 million non-operating budget variance is due to a Board program stabilization reserve of \$9 million that is contained in the budget along with a \$.5 million lapse in county tax fees expense and a cost savings in the purchase of technology.

JWB funded children's services for 23 agencies and 55 programs in the amount of \$46.9 million. JWB also received \$119,783 from the Pinellas County Board of County Commissioners for the collaboration of operation of the Health and Human Service Coordinating Council.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. JWB's investment in capital assets for the governmental and business-type activities is \$5.4 million, net of accumulated depreciation. The chart below includes land, buildings, improvements, and equipment with the accumulated depreciation deducted.

JUVENILE WELFARE BOARD'S CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2009	2008	2009	2008	2009	2008
Land	\$ —	\$ —	\$ 190,800	\$ 434,296	\$ 190,800	\$ 434,296
Buildings and improvements	—	—	1,201,176	1,223,351	1,201,176	1,223,351
Capital lease - Equipment	28,746	39,975	—	—	28,746	39,975
Capital lease - St. Petersburg College	3,728,985	3,800,240	—	—	3,728,985	3,800,240
Furniture, fixtures and equipment	248,277	143,917	41,922	74,368	290,199	218,285
Total	\$ 4,006,008	\$ 3,984,132	\$ 1,433,898	\$ 1,732,015	\$ 5,439,906	\$ 5,716,147

JUVENILE WELFARE BOARD

Management's Discussion and Analysis (continued)

September 30, 2009
(Unaudited)

Governmental activities. JWB's capital technology expenditures in fiscal 2009 included costs for computer hardware and software along with capital leases for three copier machines. The increase occurred from the purchase of updated equipment.

Business-type activities. This includes the Pinellas Park land and building only.

Long-term liability administration. This detail can be found in Note 7 on page 27. JWB's long-term obligations include accrued vacation and sick leave pay as well as several small leases payable for copier equipment.

JWB implemented Statement No. 45 of the Governmental Accounting Standards Board (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions) effective January 1, 2004. In connection with that accounting standard, the Net Other Post-Employment Benefit Obligation (NOPEBO) included in Note 8 indicates a net OPEB obligation of \$39,166 that JWB is not required to fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The guiding principle for the Fiscal Year 2009-10 effort was to focus on a four year budget projection beginning with fiscal year 2008-09. This was imperative due to the budget reductions and the recession. Taxable value projections from the property appraiser's office indicate a \$9.8 million reduction in ad valorem revenues over the next two years, bringing our total revenues below 2006 levels (\$46 million). The four-year approach maintains the goal of assuring maximum service stability to children and families in Pinellas County. The proposed plan would scale back services in fiscal year 2008-09 by up to \$3.3 million and move toward establishing a base program portfolio of \$46 million. The savings from the 2008-09 reduction plus fund balance dollars earmarked as a Program Stabilization Reserve will mitigate against further reductions in services to children. The goal is to stabilize the program portfolio over the next three years and have no further reductions in children's services through FY 2012. This recommendation is feasible because of Economic Stimulus dollars which will bring additional revenues to Pinellas County providers during FY 2009-10.

The current property tax valuation for fiscal year 2009-2010 is \$64 billion which is an overall decrease of 12.1%. With no increase in millage rate, JWB expects to realize a decrease of \$6.5 million in tax revenue from the prior year. The adopted fiscal year 2009-2010 budget reflects a sufficient funding level to support the major initiatives of JWB, but is conservative in its use of tax dollars. The overall operating budget is \$64.4 million, a decrease of 6% from the budget for fiscal year 2009 and is primarily targeted at maintenance of services to children and families.

REQUESTS FOR INFORMATION

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 Juvenile Welfare Board Finance Department, 14155 58th Street North, Clearwater, FL 33760 or visit our website at: www.jwbpinellas.org.

JUVENILE WELFARE BOARD

Statement of Net Assets

September 30, 2009

(with comparative summarized financial information for 2008)

Assets	Primary government			Primary
	Governmental activities	Business-type activities	2009 Total	Government 2008 Total
Cash and cash equivalents	\$ 4,265,430	\$ —	\$ 4,265,430	\$ 7,328,858
Investments	17,729,216	—	17,729,216	13,038,187
Due from other governments	676,823	—	676,823	648,244
Due from other agencies	111,648	—	111,648	64,067
Receivables	7,630	—	7,630	35,062
Other assets	61,518	—	61,518	91,343
Internal balances	329,883	(329,883)	—	—
Capital assets				
Non-depreciable	—	190,800	190,800	434,296
Depreciable, net of accumulated depreciation	4,006,008	1,243,098	5,249,106	5,281,851
Total assets	<u>27,188,156</u>	<u>1,104,015</u>	<u>28,292,171</u>	<u>26,921,908</u>
Liabilities				
Payable to Agencies	6,478,626	—	6,478,626	9,069,443
Accounts payable	397,142	—	397,142	332,886
Other payables	39,350	—	39,350	49,769
Accrued salary and benefits	114,477	1,284	115,761	211,258
Unearned revenue	2,000	—	2,000	167,298
Long-term liabilities:				
Due within one year	49,692	—	49,692	49,133
Due in more than one year	339,855	16,387	356,242	364,743
Total liabilities	<u>7,421,142</u>	<u>17,671</u>	<u>7,438,813</u>	<u>10,244,530</u>
Net Assets				
Invested in capital assets	4,006,008	1,433,898	5,439,906	5,716,147
Unrestricted (deficit)	15,761,006	(347,554)	15,413,452	10,961,231
Total net assets	<u>\$ 19,767,014</u>	<u>\$ 1,086,344</u>	<u>\$ 20,853,358</u>	<u>\$ 16,677,378</u>

The notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

Statement of Activities

Year ended September 30, 2009

(with comparative summarized financial information for 2008)

Functions/programs	2009						2008
	Net (expense) revenue and changes in net assets						Net (expense) revenue and changes in net assets
	Primary government						Primary Government
	Expenses	Program revenues		Governmental activities	Business-type activities	Total	Total
	Charges for services	Operating grants and contributions					
Primary government:							
Governmental activities:							
Administration	\$ 5,618,600	\$ 41,388	\$ —	\$ (5,577,212)	\$ —	\$ (5,577,212)	\$ (5,504,248)
Children and family programs	46,906,392	—	137,935	(46,768,457)	—	(46,768,457)	(50,294,891)
Total governmental activities	52,524,992	41,388	137,935	(52,345,669)	—	(52,345,669)	(55,799,139)
Business-type activities:							
49th Street Building	22,230	20,781	—	—	(1,449)	(1,449)	(12,591)
Pinellas Park Building	266,036	68,498	—	—	(197,538)	(197,538)	(149,782)
SAMIS	—	—	—	—	—	—	18,763
eLearning	—	—	—	—	—	—	1,853
Total business-type activities	288,266	89,279	—	—	(198,987)	(198,987)	(141,757)
Total primary government	\$ 52,813,258	130,667	137,935	(52,345,669)	(198,987)	(52,544,656)	(55,940,896)
General revenues:							
Property taxes				54,910,498	—	54,910,498	56,169,705
Investment income, net				6,232	—	6,232	686,818
Miscellaneous				7,829	—	7,829	18,457
<i>Special item</i> - gain on sale of building				—	1,969,080	1,969,080	—
Transfers:							
Transfer to other funds				3,542,512	(3,542,512)	—	—
Transfer to other governmental agency				—	(173,003)	(173,003)	—
Total general revenues, special item and transfers				58,467,071	(1,746,435)	56,720,636	56,874,980
Change in net assets				6,121,402	(1,945,422)	4,175,980	934,084
Net assets – beginning of year				13,645,612	3,031,766	16,677,378	15,743,294
Net assets – end of year				\$ 19,767,014	\$ 1,086,344	\$ 20,853,358	\$ 16,677,378

The notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

Balance Sheet – General Fund

September 30, 2009

(with comparative financial information for 2008)

Assets	2009	2008
Cash and cash equivalents	\$ 4,265,430	\$ 7,328,858
Investments	17,729,216	13,038,187
Due from other governments	676,823	614,555
Due from other agencies	111,648	64,067
Receivables	7,630	35,062
Due from other funds	329,883	—
Other assets	61,518	91,343
Total assets	<u>\$ 23,182,148</u>	<u>\$ 21,172,072</u>
Liabilities and Fund Balance		
Liabilities:		
Payable to Agencies	\$ 6,478,626	\$ 9,069,443
Accounts payable	397,142	332,886
Other payables	39,350	49,769
Accrued salary and benefits	114,477	202,437
Deferred revenue	2,000	10,000
Due to other funds	—	1,452,440
Total liabilities	<u>7,031,595</u>	<u>11,116,975</u>
Fund balance:		
Designated for Cooperman-Bogue	—	2,028
Designated for disability benefits	405,620	400,469
Designated for future years' expenditures	1,954,985	4,346,404
Designated for sick leave pool	41,120	39,778
Designated for program stabilization	13,748,828	5,266,418
Total fund balance	<u>16,150,553</u>	<u>10,055,097</u>
Total liabilities and fund balance	<u>\$ 23,182,148</u>	<u>\$ 21,172,072</u>

The notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

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

September 30, 2009
(with comparative financial information for 2008)

	<u>2009</u>	<u>2008</u>
Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balance – governmental fund	\$ 16,150,553	\$ 10,055,097
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	4,006,008	3,984,132
Some long-term liabilities that are not due and payable in the current period activities consist of:		
Capital leases	(30,773)	(41,573)
OPEB	(39,166)	
Compensated absences	<u>(319,608)</u>	<u>(352,044)</u>
Net assets of governmental activities	<u>\$ 19,767,014</u>	<u>\$ 13,645,612</u>

The notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

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

Year ended September 30, 2009
(with comparative financial information for 2008)

	<u>2009</u>	<u>2008</u>
Revenues:		
Property taxes (net of fees)	\$ 54,910,498	\$ 56,169,705
Fees	41,388	46,850
Intergovernmental	137,935	164,534
Interest income, net	6,232	679,761
Other	7,829	18,457
Total revenues	<u>55,103,882</u>	<u>57,079,307</u>
Expenditures:		
Administration	5,454,562	5,364,146
Children and family programs	46,906,392	50,494,423
Capital outlay	182,850	106,071
Total expenditures	<u>52,543,804</u>	<u>55,964,640</u>
Excess of Revenues over expenditures	<u>2,560,078</u>	<u>1,114,667</u>
Other Financing Sources (Uses)		
Transfer in – 49th Street Fund	3,535,378	—
Capital lease - St. Petersburg College	—	(3,800,240)
Total Other Financing Sources (Uses)	<u>3,535,378</u>	<u>(3,800,240)</u>
Excess of Revenues over (under) expenditures and Other Uses	6,095,456	(2,685,573)
Fund balance – beginning of year	<u>10,055,097</u>	<u>12,740,670</u>
Fund balance – end of year	<u>\$ 16,150,553</u>	<u>\$ 10,055,097</u>

The notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

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

Year ended September 30, 2009
(with comparative financial information for 2008)

	2009	2008
Amounts reported for governmental activities in the statement		
of net assets are different because:		
Net change in fund balance – General Fund	\$ 6,095,456	\$ (2,685,573)
Capital outlays are reported as expenditures in the General 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	182,850	106,071
Capital asset transfer	7,134	—
Capital lease	—	3,800,240
Depreciation expense	(168,108)	(77,847)
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore is not reported as an expenditure in the General Fund		
In the current period these amounts are:		
Compensated absences	32,436	(32,534)
Lease expense	10,800	(41,573)
OPEB expense	(39,166)	—
Change in net assets in governmental activities	\$ 6,121,402	\$ 1,068,784

The notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

Statement of Net Assets – Enterprise Funds

Year ended September 30, 2009

(with comparative financial information for 2008)

	<u>49th Street Building</u>	<u>Pinellas Park Building</u>	<u>Non-Major</u>	<u>2009 Total</u>	<u>2008 Total</u>
Assets					
Due from other funds	\$ —	\$ —	\$ —	\$ —	\$ 1,604,461
Due from other governments	—	—	—	—	33,689
ncurrent assets:					
Land and improvements	—	190,800	—	190,800	434,296
Building and improvements	—	2,138,706	—	2,138,706	2,998,948
Furniture, fixtures, and equipment	—	50,237	—	50,237	146,269
Accumulated depreciation	—	(945,845)	—	(945,845)	(1,847,498)
Total assets	<u>—</u>	<u>1,433,898</u>	<u>—</u>	<u>1,433,898</u>	<u>3,370,165</u>
Liabilities					
Accrued liabilities	—	1,284	—	1,284	8,821
Unearned revenue	—	—	—	—	157,298
Due to other funds	—	329,883	—	329,883	152,021
ncurrent liabilities:					
Accrued absences	—	16,387	—	16,387	20,259
Total liabilities	<u>—</u>	<u>347,554</u>	<u>—</u>	<u>347,554</u>	<u>338,399</u>
Net assets					
vestment in capital assets	—	1,433,898	—	1,433,898	1,732,015
restricted (deficit)	—	(347,554)	—	(347,554)	1,299,751
Total net assets	<u>\$ —</u>	<u>\$ 1,086,344</u>	<u>\$ —</u>	<u>\$ 1,086,344</u>	<u>\$ 3,031,766</u>

ie notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

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

Year ended September 30, 2009
(with comparative financial information for 2008)

	<u>49th Street Building</u>	<u>Pinellas Park Building</u>	<u>Non Major</u>	<u>2009 Total</u>	<u>2008 Total</u>
Operating revenues:					
Charges for services	\$ 20,781	\$ 68,498	\$ —	\$ 89,279	\$ 1,117,739
Interest revenue	—	—	—	—	7,057
Miscellaneous	—	—	—	—	1,853
Total operating revenue	<u>20,781</u>	<u>68,498</u>	<u>—</u>	<u>89,279</u>	<u>1,126,649</u>
Operating expenses:					
Personnel services	—	66,086	—	66,086	279,847
Contractual services	9,200	38,242	—	47,442	551,759
Utilities	8,459	97,086	—	105,545	180,478
Supplies	369	3,836	—	4,205	15,351
Repairs and maintenance	—	5,778	—	5,778	88,170
Other operating expenses	3,103	25,422	—	28,525	47,160
Depreciation	1,099	29,586	—	30,685	98,584
Total operating expenses	<u>22,230</u>	<u>266,036</u>	<u>—</u>	<u>288,266</u>	<u>1,261,349</u>
Operating loss	(1,449)	(197,538)	—	(198,987)	(134,700)
<i>Special Item</i> : gain on sale of building	1,969,080	—	—	1,969,080	—
Transfer to other funds	(3,535,378)	(7,134)	—	(3,542,512)	—
Transfer to other governmental agency	—	—	(173,003)	(173,003)	—
Change in net assets	<u>(1,567,747)</u>	<u>(204,672)</u>	<u>(173,003)</u>	<u>(1,945,422)</u>	<u>(134,700)</u>
Net assets – beginning of year	<u>1,567,747</u>	<u>1,291,016</u>	<u>173,003</u>	<u>3,031,766</u>	<u>3,166,466</u>
Net assets – end of year	<u>\$ —</u>	<u>\$ 1,086,344</u>	<u>\$ —</u>	<u>\$ 1,086,344</u>	<u>\$ 3,031,766</u>

The notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

Statement of Cash Flows – Enterprise Funds

Year ended September 30, 2009

(with comparative summarized financial information for 2008)

	49th Street Building	Pinellas Park Building	Non Major	2009 Total	2008 Total
Cash flows from operating activities:					
Receipts from customers	\$ 8,337	\$ 68,498	\$ 25,352	\$ 102,187	\$ 1,110,892
Payments to vendors	(21,131)	(170,364)	(136,517)	(328,012)	(884,454)
Payments to employees	—	(74,687)	(2,808)	(77,495)	(272,860)
Receipts/payments to other funds	1,321,987	177,862	282,474	1,782,323	51,527
Net cash provided by operating activities	1,309,193	1,309	168,501	1,479,003	5,105
Cash flows from noncapital financing activities:					
Increase in transfers out to other funds	(3,535,378)	—	—	(3,535,378)	—
Increase in transfer to other governmental agency	—	—	(173,003)	(173,003)	—
Net cash used in noncapital financing activities	(3,535,378)	—	(173,003)	(3,708,381)	—
Cash flows from capital and related financing activities:					
(Acquisition) Disposition of capital assets	(22,100)	(1,309)	4,502	(18,907)	(5,105)
Proceeds from sale of building	2,248,285	—	—	2,248,285	—
Net cash provided by (used in) capital and related financing activities	2,226,185	(1,309)	4,502	2,229,378	(5,105)
Net change in cash and cash equivalents	—	—	—	—	—
Cash and cash equivalents – beginning of year	—	—	—	—	—
Cash and cash equivalents – end of year	\$ —	\$ —	\$ —	\$ —	\$ —
Reconciliation of operating loss to net cash provided by operating activities:					
Cash flows from operating activities:					
Operating loss	\$ (1,449)	\$ (197,538)	\$ —	\$ (198,987)	\$ (134,700)
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation	1,099	29,586	—	30,685	98,584
Decrease (increase) in due from other agencies/governments	8,337	—	25,352	33,689	(16,747)
Decrease in accounts payable	—	—	—	—	(156)
Increase (decrease) in accrued liabilities	—	(4,903)	(2,634)	(7,537)	5,401
Increase (decrease) in unearned revenue	(20,781)	—	(136,517)	(157,298)	990
Increase (decrease) in accrued absences	—	(3,698)	(174)	(3,872)	206
Increase in due to other funds	—	177,862	—	177,862	—
Decrease in due from other funds	1,321,987	—	282,474	1,604,461	51,527
Total adjustments	1,310,642	198,847	168,501	1,677,990	139,805
Net cash provided by operating activities	\$ 1,309,193	\$ 1,309	\$ 168,501	\$ 1,479,003	\$ 5,105

The notes to the financial statements are an integral part of this statement.

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2009

(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.

(b) **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and the statement of activities report information on the primary government. Eliminations have been made to reduce the effect of inter-fund activities. These statements distinguish between governmental activities, normally financed through taxes, intergovernmental revenues and other non-exchange activities and business-type activities, which normally are financed by fees charged.

The statement of activities presents 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 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.

Fund Financial Statements

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

JWB reports the following major governmental 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.

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

JWB reports the following major enterprise fund:

Pinellas Park Building -The Board had one lease agreement which expired in November 2008. The Pinellas Park building was relisted for sale in 2009. The administration of JWB moved to a new location in December 2008. Lessee's are currently being recruited. The building will be leased if possible until sold. Upon sale of this building, dollars available in unrestricted fund balances will be used to fund future services to children and families.

JWB reports the following non-major enterprise funds:

49th Street Building - The Board had a lease agreement as a lessor on its 49th Street office building which expired in October 2008. The 49th Street building was listed for sale in 2007 and the sale of the building occurred in December 2008. Upon sale of the building, dollars available in unrestricted fund balances were transferred to the general fund to be used to fund future services to children and families.

SAMIS -The Board has an inter-local agreement with five Children's Services Councils (CSC's) in Florida (the Collaborative), 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 based application. In October 2008, per the Collaborative decision, the fund was transferred to Palm Beach County for fiscal administration.

(c) Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred, regardless of the timing of related cash flows. Non-exchange transactions include property taxes and grants. Property taxes are recognized as revenue in the fiscal year for which taxes are levied. Grants are recognized in the fiscal year in which all eligibility requirements are met.

Governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. JWB uses the modified accrual basis of accounting for their 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. Expenditures are recorded when the fund liability is incurred, except for compensated absences that are recognized when due. JWB, under Governmental Accounting Standards Board (GASB) No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, applies 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.

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

(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 program level. The Executive Director or designee is authorized to transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within a 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 program.
- The annual budget serves as the legal authorization for expenditures. All unexpended appropriations lapse at fiscal year end.
- The budget presented for general fund in these financial statements has been prepared on the modified accrual basis of accounting. Expenditures for Tax Collector and Property Appraiser fees are budgeted as non-operating but for financial statement purposes are offset against the related property tax revenues. Certain technology fees are also budgeted as non-operating but for financial statement purposes are included as administration expenditures.
- Supplemental budget appropriations are sometimes necessary during the year. The Board authorized additional budget appropriations of \$12,362 during fiscal 2009.

(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.

(f) Investments

Investments are reported at fair value.

(g) Capital Assets

Capital assets include property and equipment and are reported in the governmental and business-type activities of the government-wide financial statements and the enterprise fund financial statements. Such assets are capitalized at cost where historical records are available and at an

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

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:

<u>Property classification</u>	<u>Estimated useful life</u>
Buildings	30 years
Improvements	Remaining life of the building
Furniture and other equipment	5 -7 years
Computer equipment	3 years

(h) 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 general fund records 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.

(i) Fund Balance

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

(j) Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with JWB's enterprise fund activities. The principal operating revenues relate to rental income on two building facilities. 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 non operating revenues and expenses.

(k) Use of Estimates

Management of JWB has made certain 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.

(l) Summarized Financial Information for 2008

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, 2008, from which the summarized information was derived.

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

(3) *Cash and Cash Equivalents*

The bank and book balances were as follows at September 30, 2009:

Deposits with commercial banks (book balance)	\$ 4,265,330
Petty cash	<u>100</u>
Book balance	\$ <u>4,265,430</u>
Bank balance of deposits in commercial banks	\$ <u>4,322,470</u>

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. The JWB accounts include a corporate control account and several zero balance commercial checking accounts (ZBA) which are automatically maintained at a zero balance. At the end of a business day, all transactions in the ZBA's are transferred to and from the control account. Yield income for the control account is based on the federal funds rate. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit eligible collateral with the Treasurer or another banking institution. In the event of a failure of one of the institutions holding public funds, the remaining public depositories would be responsible for covering any losses. JWB maintains a cash pool for the deposits of all governmental and enterprise funds. Earnings from pooled cash are maintained in the general fund.

(4) *Investments*

At September 30, 2009, the JWB had the following investments:

	<u>Fair Value</u>	<u>Percentage</u>
Regions Money Market Fund in Treasuries only	\$ 8,724,551	49%
Florida State Board of Administration (LGIP A)	8,739,304	49%
Florida State Board of Administration (LGIP B)	<u>265,361</u>	2%
Total	\$ <u>17,729,216</u>	

At September 30, 2009, JWB assets with Regions Morgan Keegans Trust include short term investments in a Money Market U.S. Treasuries only account. The fund's yield rate as of that date was .08%.

At fiscal year end, JWB had \$9,004,665 invested in the State Board of Administration (SBA). An amount of \$8,739,304 is in the local government investment pool entitled Florida PRIME. An amount of \$265,361 is in the Fund B Surplus Funds Trust Fund (Fund B).

As a Florida PRIME participant, JWB invests in pools of investments whereby it owns a share of the respective pool, not the underlying securities. In March 1997, GASB issued Statement 31, titled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 applies to the Florida PRIME. GASB 31 outlines the two options for accounting and reporting for money market investment pools as either "2a-7 like" or fluctuating net asset value ("NAV"). GASB 31 describes a "2a-7 like" pool as an "external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the "1940 Act"). Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The SBA's interpretation of GASB 31 is that the Florida PRIME is currently considered a SEC 2a7-like fund, thus the JWB account balance should also be considered the fair value of its investment.

JWB became a Fund B pool participant on December 4, 2007, when the SBA restructured the investment pool into two separate pools based on recommendations from an outside financial advisor. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A (LGIP) and Pool B (Fund B). The LGIP consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Fund B consisted of assets that defaulted on a payment, paid more slowly than expected, and/or had significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. The Fund B is accounted for as a fluctuating NAV pool. The SBA provides a fair value factor which is posted on the SBA website www.sbafla.com/prime. The Fair Value factor for September 30, 2009 was .54915069 multiplied by the pool account balance. The JWB account balance in Fund B is \$265,361, which reflects a \$100,000 unrealized loss recognized in fiscal year 2009.

The Florida PRIME and Fund B investment policies can be found at the website listed above. The Florida PRIME is rated by Standard and Poors. The current rating is AAAM. The LGIP Fund B is not rated by any nationally recognized statistical rating agency. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2009, is 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of Fund B at September 30, 2009 was 6.69 years. The LGIP yield rate is .37%. Fund B pays no interest in lieu of recovering its losses. An unrealized loss in Fund B is recognized due to the uncertainty of recoverability in that fund.

The SBA will provide separate financial statements for the Florida PRIME and unaudited financial statements for Fund B for June 30th. Financial statements for the Florida PRIME and Fund B are not provided for the period ending September 30th.

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debts. The risk is usually measured by the assignment of a rating by a nationally recognized statistical rating organization. JWB's investment policy stipulates that all investments are acquired in accordance with the rules of the Department of Insurance Division of Treasury which establishes procedures for the administration of the "Florida Security for Deposits Act," which is encompassed in Chapter 280, Florida Statutes. JWB's investment policy lists the authorized investment types as well as the minimum allowable credit rating for each investment type. Investments in commercial paper must have a rating of either Moody's or Standard and Poor's of A1+/P1+ (prime I commercial paper) or better at the time of purchase.

Interest Rate Risk

To maintain liquidity and limit exposure to fair value losses, JWB's investment policy limits operating funds to maturities of two years or less. Investments are expected to be prudent and to minimize default risk.

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

Concentration Risk

JWB's investment policy establishes the following investment diversification guidelines: State Investment Pool 75%, Repurchase agreement 50%; U.S. Treasury obligations 100%; U.S. Agency obligations 75%; Federal instrumentalities 75%; Prime Commercial paper 50%; Certificates of Deposit 25%; Money Market Funds 100%; and Time Deposits 25%. As of September 30, 2009, all JWB investments were in compliance with JWB's investment policy and did not exceed portfolio allocation.

(5) **Interfund Balances and Transfers**

Interfund balances in receivables and payables relate to the general fund cash accounts receiving income and paying expenditures on behalf of the enterprise funds. The Pinellas Park building has incurred expenditures that have been paid by the general fund on their behalf. Balances at fiscal year end of interfund receivables and payables were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Pinellas Park Building	<u>329,883</u>
		<u>\$ 329,883</u>

Interfund transfers include amounts transferred from the enterprise fund to the general fund that were not routine and are inconsistent with the activities of the fund. They are as follows:

<u>Purpose of transfer</u>	<u>Amount</u>
49 th Street Building – to close fund	<u>\$3,535,378</u>
Pinellas Park Building – transfer assets	<u>7,134</u>
	<u>\$3,542,512</u>

Additionally, JWB made a \$173,003 transfer to a governmental agency relating to the SAMIS fund.

(6) **Capital Assets**

JWB sold the 49th Street building on December 15, 2008 and received net proceeds of \$2,248,285. The unrestricted fund balance was subsequently transferred to the general fund to provide services to children and families in fiscal 2009.

JWB entered into a lease agreement with St. Petersburg College (the "College") whereby the College will lease a building for administrative office space. The lease term is for 99 years which commenced in December 2008 upon occupancy. JWB paid \$3,800,240 to the St. Petersburg College Foundation (the Foundation) which has been used for the modifications and improvements to the leased premises. JWB pays an operating fee for utilities, maintenance and other services based upon the gross square footage occupied and as prescribed by the Association of Higher Education Facilities Office. The amount capitalized will be amortized over the life of the leasehold improvements which is approximately forty years.

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

The Pinellas Park building is currently not used for operations. The building has a net book value of \$1,201,176. The building has been listed for sale, however if an opportunity for a short-term lease arrangement should become available awaiting the sale of the commercial property, it would be considered.

Capital asset activity for the year ended September 30, 2009 was as follows:

	Governmental Activities			
	October 1, 2008	Additions and Transfers In	Disposals and Transfers Out	September 30, 2009
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 507,235	\$ 199,307	\$ 51,627	\$ 654,915
Capital lease-equipment	53,661	-	-	53,661
Capital lease-St. Petersburg College	3,800,240	-	-	3,800,240
Total capital assets	<u>4,361,136</u>	<u>199,307</u>	<u>51,627</u>	<u>4,508,816</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	363,319	94,946	51,627	406,638
Capital lease-equipment	13,685	11,230	-	24,915
Capital lease-St. Petersburg College	-	71,255	-	71,255
Total accumulated depreciation	<u>377,004</u>	<u>177,431</u>	<u>51,627</u>	<u>502,808</u>
Capital assets, net	<u>3,984,132</u>	<u>21,876</u>	<u>-</u>	<u>4,006,008</u>
	Business-type Activities			
	October 1, 2,008	Additions and Transfers In	Disposals and Transfers Out	September 30, 2,009
Capital assets not being depreciated:				
Land and improvements	\$ 434,296	\$ -	\$ 243,496	\$ 190,800
Capital assets being depreciated:				
Building and improvements	2,998,948	23,410	883,653	2,138,705
Furniture, fixtures and equipment	146,269	-	79,575	66,694
Total capital assets	<u>3,579,513</u>	<u>23,410</u>	<u>1,206,724</u>	<u>2,396,199</u>
Less accumulated depreciation:				
Building and improvements	1,775,597	18,507	856,575	937,529
Furniture, fixtures and equipment	71,901	12,178	59,307	24,772
Total accumulated depreciation	<u>1,847,498</u>	<u>30,685</u>	<u>915,882</u>	<u>962,301</u>
Capital assets, net	<u>\$ 1,732,015</u>	<u>\$ (7,275)</u>	<u>\$ 290,842</u>	<u>\$ 1,433,898</u>

Depreciation was charged to the following functions:

General government	
Administration	\$ <u>168,108</u>
Business activities	
49 th Street Building	\$ 1,099
Pinellas Park Building	29,586
	<u>\$ 30,685</u>

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

(7) Long-Term Liabilities

As a benefit, JWB offers annual leave and sick leave accruals. JWB is committed under three lease agreements for copier equipment. All three have been determined as capital leases.

The following is a schedule of changes in long-term liabilities for fiscal year ended September 30, 2009.

	<u>Beginning</u>			<u>Ending</u>	<u>Due in</u>
<u>Compensated absences</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>balance</u>	<u>one year</u>
Governmental Fund	\$352,044	\$304,762	\$337,198	\$319,608	\$38,931
Enterprise	<u>20,259</u>	<u>-</u>	<u>3,872</u>	<u>16,387</u>	<u>-</u>
Total	<u>\$372,303</u>	<u>\$304,762</u>	<u>\$341,070</u>	<u>\$335,995</u>	<u>\$38,931</u>

	<u>Beginning</u>			<u>Ending</u>	<u>Due in</u>
<u>Capital Leases - Equipment</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>balance</u>	<u>one year</u>
Governmental Fund	<u>\$41,573</u>	<u>\$ -</u>	<u>\$10,800</u>	<u>\$30,773</u>	<u>\$10,761</u>

	<u>Beginning</u>			<u>Ending</u>	<u>Due in</u>
<u>OPEB</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>balance</u>	<u>one year</u>
Governmental Fund	<u>\$ -</u>	<u>\$ 39,166</u>	<u>\$ -</u>	<u>\$39,166</u>	<u>\$ -</u>

(8) Post Employment Benefits (Other Than Pensions)

Background

Implementation of GASB Statement No.45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB), became effective for JWB with its year ending September 30, 2009. This statement improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan. In addition to the relevant disclosures within this note related to GASB Statement No.45, the financial statements reflect a long-term liability and related expenses of \$39,166 in governmental activities.

Funding Policy

In accordance with Florida Statutes Section 112.0801, the JWB offers retiring employees the opportunity to continue participating in the group medical healthcare insurance plan. Retirees who do not choose to continue participation lose eligibility to participate in the future. The retiree's cost is partially offset by a subsidy from the Florida Retirement System equal to \$5 per month for each year of creditable service, with a minimum of \$30, and a maximum of \$150 per month. Coverage can be continued for the spouse after the death of the retiree, at a retiree's single person subsidized rate, if elected. The participating retirees pay 100% of the blended (active and retiree combined) cost of the premium. The blended rate of employer and employee provides an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

the plan on average than those of active employees. The plan is financed on a pay-as-you-go basis. As of September 30, 2009, the date of the latest actuarial valuation, the medical healthcare plan participation consisted of:

Active Plan participants	67
Retired plan participants	2

Annual OPEB Cost and Net OPEB Obligation

The annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) which is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. For the year ended September 30, 2009, Plan members receiving benefits paid \$75,850 which was used to offset the JWB's total outlays to insurance carriers equaling \$432,656 for current year premiums due. The net outlay from the JWB, which equaled \$356,806, represents the JWB's net cost paid for current year premiums due.

The following table illustrates the components of the JWB's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation.

Annual required contribution (ARC)	\$ 39,166
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	39,166
Contributions made	-
Increase in net OPEB asset	39,166
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 39,166

The JWB's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation of 2009 were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation –</u> <u>End of Year</u>
09/30/2009	\$39,166	0 %	\$39,166

Funded Status and Funding Progress

As of September 30, 2009, the most recent actuarial valuation date, the plan was unfunded and the unfunded actuarial accrued liability (UAAL) for benefits was \$333,785, since JWB had not established nor funded a qualifying trust at that time. The ratio of the UAAL to annual covered payroll of \$4,191,619 was 8%.

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, the healthcare cost trend, and the discount rate. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the actuarial valuation dated May 27, 2009, the entry age actuarial method was used. Because the JWB funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 2% discount rate, which approximates the expected rate of return on non-pension investments held by the JWB. Actuarial assumptions also included annual healthcare and prescription drug cost trend rates of 9%, initially, and reduced by decrements to an ultimate rate of 4.7% for both healthcare and prescription drug costs after five and ten years. Other key assumptions used in the valuation include:

Actuarial cost method:	Entry Age Method
Amortization period (closed):	30 years
Amortization method:	The unfunded actuarial accrued liability is amortized as a level percentage of projected payroll growth.

(9) *Employee Retirement Plan*

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. Employees are not obligated to contribute to the plan. Since June 1, 2002, the System began offering a new retirement plan option, the Florida Retirement System (FRS) Investment Plan, as an alternative to the traditional retirement plan. Under this plan, the employer makes contributions to an account set up in the participant's name, and the participant controls where the contributions are invested among the plans investment funds. New employees are by default enrolled in the defined benefit plan; however, they will have five months after the month of hire to elect to participate in the FRS Investment Plan.

Contribution rates are established statewide for all participating governmental units. These rates are applied to employee salaries as follows: regular employees 9.85%, special risk employees 20.92%, elected officials 16.53%, senior management 13.12% and DROP employees 10.91%. JWB is required to contribute an actuarially determined rate. The actuarially determined contributions required and made by JWB for the years ending September 30, 2009, 2008, and 2007 were \$406,785, \$429,015, and \$495,177, respectively.

Benefits are based upon age, years-of-service credit and average compensation, which is computed using the individual's five highest yearly earnings. Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code. Average final compensation is the employee's average of the five highest years of salary earned during credited service. Early retirement is available after 6 years of service with a 5% reduction of benefits for each year prior to the normal retirement age.

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

Effective July 1, 1998, the System instituted the Deferred Retirement Option Program (DROP), which provides an alternative method for payment of retirement benefits for up to 60 months after a member reaches normal retirement date. DROP allows eligible employees to save all retirement benefits plus interest for up to 60 months while continuing employment with a participating employer and receiving a salary. Regular monthly retirement benefits are determined at the time the employee enters DROP. At termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefit.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The most recent available report is for the plan year ended June 30, 2008. That report may be obtained by writing to Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (877) 377-1737, or accessing their Internet site at www.frs.state.fl.us.

(10) Operating Lease -Rent Income

JWB, as a lessor, had a lease agreement on its Pinellas Park administrative office facilities which expired in fiscal 2009. All lessees vacated the building by November 2008. The Pinellas Park facility was listed for sale with a realtor in September 2009. A contract for sale has not yet occurred. If another lessee agreement becomes available prior to the sale, it would be considered by management and the Board.

(11) Special Item –Gain from sale of building

The gain from the sale of the 49th Street building was reported as revenue (as a special item) in the proprietary fund. JWB owned the property since 1976 and leased it since 1996. This is a significant event in that it is an infrequent occurrence. The building and land were sold in December 2008 and the remaining fund balance was transferred into the general fund.

(12) Designated Fund Balances

(a) Designated for 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.

(b) Designated for Future Year's Expenditures

The fiscal 2009 Budget Resolution appropriated the amount of \$1,954,985 from the fiscal 2009 year fund balance for expenditures authorized in excess of anticipated revenue during fiscal year 2010.

(c) 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,

JUVENILE WELFARE BOARD

Notes to Financial Statements (continued)

September 30, 2009

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.

(d) Designated for Program Stabilization

The Board fund balance policy creates an emergency reserve to be maintained at a minimum of 3% and a maximum of 10% of the budgeted expenditures of the immediate succeeding fiscal year for any unexpected emergency events. This year, the Board voted to allow the fund balance to exceed the 10% maximum in order to create a savings to be used to balance future budgets. The goal is to stabilize the program funding over the next three fiscal years while the property valuation and the economy continue to recover from the recession.

(13) 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, 2009, a rate of 0.7915 mills was assessed.

Property taxes attach an enforceable lien on property as of April 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 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
July 1	Assessment roll validated by the Juvenile Welfare Board members
September 30	Millage resolution approved by the Juvenile Welfare Board members
October 1	Beginning of fiscal year for which taxes have been levied
November 1	Property taxes due and payable
April 1	Unpaid property taxes become delinquent
June 1	Tax certificates are sold by the Pinellas County Tax Collector

(14) Risk Management

JWB has purchased 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. JWB is self-insured for short-term disabilities of six months or less – see Note 11a.

(15) Subsequent Event

On January 1, 2010, JWB became the governing board of Pinellas Core Management Services (PCMS), a 501(c)3 not-for-profit entity. Certain functions that were performed by PCMS prior to January 1, 2010 will be performed internally by JWB in the future. PCMS primary mission going forward will be to apply for federal, state and local grants on behalf of children and family agencies in the community.

JUVENILE WELFARE BOARD

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

Year ended September 30, 2009
(Unaudited)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget positive (negative)
Revenues:				
Property taxes	\$ 56,035,753	\$ 56,035,753	\$ 56,020,279	\$ (15,474)
Fees	40,000	40,000	41,388	1,388
Intergovernmental	1,151,000	1,163,362	137,935	(1,025,427)
Interest income, net	607,659	607,659	6,232	(601,427)
Other	512,000	512,000	7,829	(504,171)
	<u>58,346,412</u>	<u>58,358,774</u>	<u>56,213,663</u>	<u>(2,145,111)</u>
Total revenues				
Expenditures:				
Current:				
Administration	5,190,739	5,196,863	5,191,506	5,357
Children and family programs	55,487,574	52,192,511	46,906,392	5,286,119
Nonoperating	7,793,317	10,911,768	1,372,837	9,538,931
Capital outlay	—	182,850	182,850	—
	<u>68,471,630</u>	<u>68,483,992</u>	<u>53,653,585</u>	<u>14,830,407</u>
Total expenditures				
Net change in fund balance	\$ <u>(10,125,218)</u>	\$ <u>(10,125,218)</u>	<u>2,560,078</u>	\$ <u>12,685,296</u>
Other Financing Sources (Uses)				
Transfer			3,535,378	
Excess of Revenues over (under) expenditures and Other Uses			6,095,456	
Fund balance – beginning of year			<u>10,055,097</u>	
Fund balance – end of year			\$ <u><u>16,150,553</u></u>	



**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***

Members of the Board
Juvenile Welfare Board of Pinellas County:

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund of Juvenile Welfare Board of Pinellas County ("JWB") as of and for the year ended September 30, 2009, which collectively comprise Juvenile Welfare Board of Pinellas County, Florida's basic financial statements and have issued our report thereon dated January 15, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered JWB's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JWB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of JWB's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects JWB's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the JWB's financial statements that is more than inconsequential will not be prevented or detected by the JWB's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the JWB's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JWB'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*.

This report is intended solely for the information and use of JWB's management, the members of the Board of Directors, the State of Florida Office of the Auditor General, and applicable state agencies, and is not intended to be and should not be used by anyone other than those specified parties.

Cherry, Bekaert & Holland, L.L.P.

Tampa, Florida
January 15, 2010



Independent Auditors' Management Letter

Members of the Board
Juvenile Welfare Board of Pinellas County:

We have audited the financial statements of the Juvenile Welfare Board of Pinellas County ("JWB"), as of and for the year ended September 30, 2009, and have issued our report thereon dated January 15, 2010.

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 issued our 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*. Disclosures in that report, which is dated January 15, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determined whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such matters reported in the preceding annual financial audit.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, nothing came to our attention that would cause us to believe that JWB was in noncompliance with Section 218.415 regarding the investment of public funds.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in a management letter any recommendations to improve JWB's financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of law, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that an auditor may based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud; illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with the audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government be disclosed in the management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in the notes to financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and the identification of the specific conditions met. In connection with our audit, the results of our tests did not indicate that JWB met any of the conditions described in Section 218.503 (1), Florida Statutes. However, our audit does not provide a legal determination on JWB's compliance with this requirement.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report, filed with the Florida Department of Financial Services, pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. Our comparison of the financial report filed with the Department of Financial Services to JWB's 2009 audited financial statements resulted in no material deficiencies.

Pursuant to Sections 10.554(1)(i)7.c., Rules of the Auditor General, require the scope of the audit include financial condition assessment procedures pursuant to Rule 10.556(7). It is management's responsibility to monitor JWB'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 management. The financial assessment procedures described above disclosed no deteriorating financial conditions.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

Tampa, Florida
January 15, 2010