



## **JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Financial and Compliance Reports

For the Year Ended September 30, 2012

# JUVENILE WELFARE BOARD OF PINELLAS COUNTY

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members of the Board  
Juvenile Welfare Board of Pinellas County

We have audited the accompanying financial statements of the governmental activities, the general 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, 2012, 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 2011 financial statements, and in our report dated February 1, 2012, 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 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 the 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 general fund and the aggregate remaining fund information of JWB, as of September 30, 2012 and the respective changes in financial position 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 XX, 2013**, on our consideration of JWB’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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise JWB's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Tampa, Florida  
January XX, 2013

## **JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Management's Discussion and Analysis

September 30, 2012

(Unaudited)

Our discussion and analysis of the financial performance of Juvenile Welfare Board (“JWB”) provides an overview of the financial activities for the fiscal year ended September 30, 2012 and 2011. Please read it in conjunction with the financial statements which begin on page 11.

### **FINANCIAL HIGHLIGHTS**

JWB's total net assets increased by \$65,536 (or .3%). The governmental activities include the JWB general fund and the special revenue fund of Pinellas Core Management Services, Inc. (“PCMS”), a 501(c) (3) not-for-profit corporation, which is a blended component unit to the JWB’s governmental activities. See Note 2b to the financial statements for further discussion. JWB no longer manages business-type assets. PCMS totals only 5% of net assets.

The JWB’s governmental activities total expenses of \$49,180,914 reflected a reduction over the prior year by \$598,776 (or 1%). Total revenue increased by \$3,991,983 (or 9%). This is primarily due to a partnership with All Children’s Hospital for the opportunity to attract additional Medicaid funding for at risk children and families. PCMS revenue for the year totals 0.01% of total governmental revenues and expenses make up 4% of total governmental expenses.

JWB no longer operates business-type activities. As a result of the sale of the Pinellas Park building in 2012, the fund was closed.

The general fund incurred a net decrease of \$1,061. This is due to total revenues and expenditures and transfers out each approximating \$49 million. The Special Revenue Fund – PCMS experienced a net decrease of \$9,686 resulting from general operating expense.

The General Fund expenditures budget was unspent by \$7,629,029, resulting from an amount lapsed in children and families programming and the late start-up of a new special initiative.

### **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.

## JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Management's Discussion and Analysis (continued)

September 30, 2012

(Unaudited)

### 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 is one category included which is the governmental fund since the business-type fund which included building operation management was discontinued in the prior year. The governmental fund includes the JWB general fund and the PCMS special revenue fund. 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. PCMS is a legally separate not-for-profit entity; however, it complies with the criteria as a blended component unit with JWB and is accounted for in the Special Revenue fund of the governmental fund.

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.

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 also recorded.

These two statements report the JWB's net assets and changes in them.

### 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 the governmental fund. 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 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.

JWB uses the General Fund and the Special Revenue Fund to record governmental activities. The General Fund is used to account for all JWB financial resources except those required to be reported in another fund. The Special Revenue Fund is used to account for the activities of PCMS.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Management's Discussion and Analysis (continued)

September 30, 2012

(Unaudited)

**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**

JWB adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided as supplementary information. The required supplementary information consists of the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual – General Fund (Budgetary Basis).

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The table below reflects the condensed Statement of Net Assets compared to the prior year. As of September 30, 2012, assets exceeded liabilities by \$19.3 million. This is an increase of \$65,536 over the prior year.

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 21,350,910	\$ 20,300,619
Capital Assets	<u>4,010,764</u>	<u>3,850,527</u>
Total assets	<u>25,361,674</u>	<u>24,151,146</u>
Other liabilities	5,418,753	4,459,504
Long-term liabilities	<u>625,980</u>	<u>440,237</u>
Total liabilities	<u>6,044,733</u>	<u>4,899,741</u>
Net assets		
Invested in capital assets	3,751,143	3,789,683
Unrestricted	<u>15,565,798</u>	<u>15,461,722</u>
Total net assets	<u>\$ 19,316,941</u>	<u>\$ 19,251,405</u>

Current assets increased by \$1,050,291 in 2012 due to an increase in cash and investments from note receivable payments received and vendor payments not paid as of fiscal year end. The investment in capital assets, net of related debt (land, buildings, furniture and equipment) represents 19% of JWB's total net assets. Capital assets increased due to the addition of furniture, equipment and building improvements, net of depreciation for the period. Liabilities increased due to the PCMS implementation of the Family Services Initiative. Unrestricted net assets represent 81% of total net assets.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Management's Discussion and Analysis (continued)

September 30, 2012

(Unaudited)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

The following schedule reflects the condensed Statement of Changes in Net Assets compared to the prior year. As of September 30, 2012, revenues exceeded expenses by \$61,725, an increase of .3% over the prior year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 63,152	\$ 34,618	\$ —	\$ —	\$ 63,152	\$ 34,618
Operating grants and contributions	5,194,679	1,171,626	—	—	5,194,679	1,171,626
General revenues:						
Property taxes	43,814,897	43,852,676	—	—	43,814,897	43,852,676
Investment income	159,545	194,987	—	—	159,545	194,987
Miscellaneous	14,177	560	—	—	14,177	560
Total revenues	<u>49,246,450</u>	<u>45,254,467</u>	<u>—</u>	<u>—</u>	<u>49,246,450</u>	<u>45,254,467</u>
<b>Expenses:</b>						
Administration	6,507,317	6,293,417	—	—	6,507,317	6,293,417
Children & family programs	42,673,597	43,486,273	—	—	42,673,597	43,486,273
Pinellas Park Building	—	—	—	122,785	—	122,785
Total expenses	<u>49,180,914</u>	<u>49,779,690</u>	<u>—</u>	<u>122,785</u>	<u>49,180,914</u>	<u>49,902,475</u>
Increase (decrease) in net assets	65,536	(4,525,223)	—	(122,785)	65,536	(4,648,008)
Special Item-gain on sale of building	—	—	—	835,964	—	835,964
Transfers from other funds	—	1,623,407	—	(1,623,407)	—	—
Transfers to other governments	—	(35,672)	—	—	—	(35,672)
Increase (decrease) in net assets after transfers	65,536	(2,937,488)	—	(910,228)	65,536	(3,847,716)
Net assets beginning	19,251,405	22,188,893	—	—	19,251,405	22,188,893
Net assets ending	<u>\$ 19,316,941</u>	<u>\$ 19,251,405</u>	<u>\$ —</u>	<u>\$ (910,228)</u>	<u>\$ 19,316,941</u>	<u>\$ 18,341,177</u>

The revenue for governmental activities total \$49,246,450 in 2012, an increase of 9% from 2011 due to a partnership with All Children's Hospital which increased Medicaid dollars for low-income children and families. Property taxes are the main source of revenue for JWB at 89% of total revenues. Total expenses decreased by 1% over the prior year due to less tax revenue to appropriate for children and family programs. This results from an amount lapsed in the children and family programs and the late start-up of a new special initiative.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Management's Discussion and Analysis (continued)

September 30, 2012

(Unaudited)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

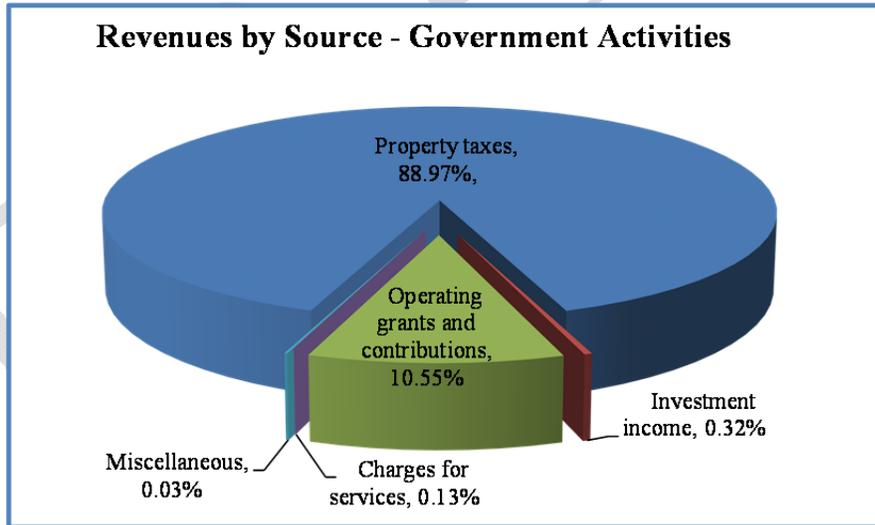
**Governmental activities**

The current property tax valuation for fiscal year 2012 was \$55 billion which is an overall decrease of 5.2%. This is due to substantial reduction in property values which has occurred over the last four years.

For fiscal year 2012, the budget reflects a millage rate of .8337 mills, which is a 6% increase over the prior year's rate. However, it will generate the same amount of tax revenue as the prior year due to the property value decrease. The Board directed staff to stabilize services to children in the 2009 fiscal year and maintain this funding for three years. The adopted fiscal year 2012 budget reflects a sufficient funding level to support the major initiatives of JWB, but is conservative in its use of tax dollars. The overall initial operating budget is \$51 million, a decrease of 11.07% over the budget for fiscal year 2011 and is primarily targeted at maintenance of services to children and families.

Intergovernmental and grant revenue and contributions increased from \$1,171,626 to \$5,194,679. JWB had a reduction of one terminated grant, but gained another which was slightly higher in total. During the year, JWB partnered with All Children's Hospital in order to attract additional Medicaid funding for at risk children and families. This increased the original budget by \$3,500,000.

JWB investment revenue decreased in yield from \$194,987 to \$159,545, or 18%, due to continued declining interest rates.



**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Management's Discussion and Analysis (continued)

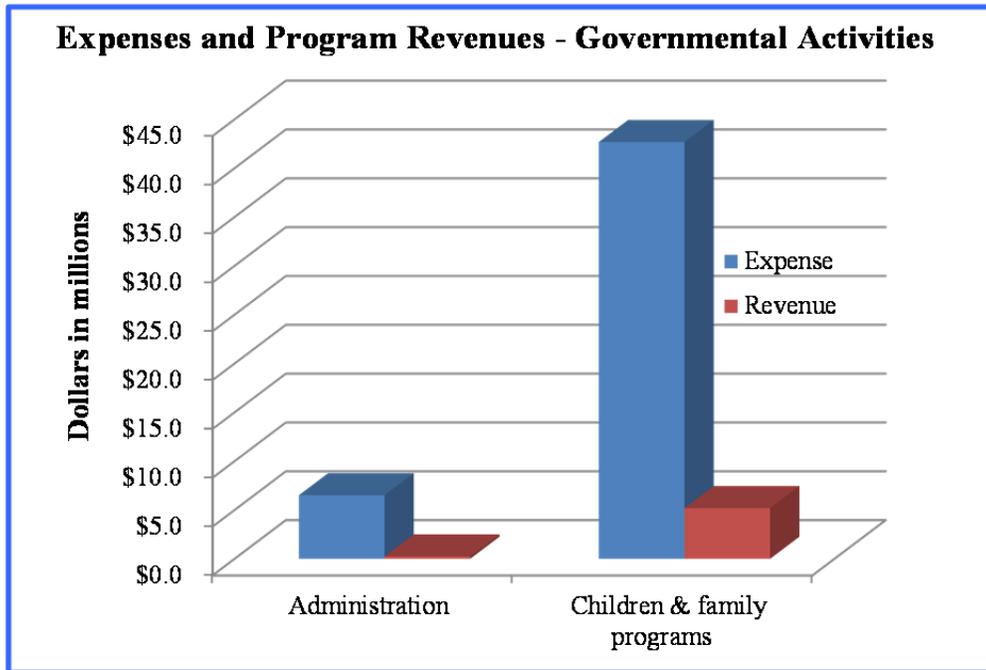
September 30, 2012

(Unaudited)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Property taxes remain the main revenue source for JWB. Other sources of revenue such as investment income and grants are a smaller portion of the overall revenue stream for the governmental activities. Expense along with these other revenue sources are presented in the chart on the following page.

The total expense of the governmental activities decreased by \$598,776 from the prior year.



**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

**Budgetary Highlights**

**General fund**

At the end of fiscal year 2012, JWB's general fund balance was \$15.7 million (a decrease of \$1,061). An amount of \$5,626,372 was actually budgeted as a decrease in fund balance. The fund balance consists of non-spendable in the amount of \$1,004,951, assignments in the amount of \$4,555,120, and \$10,103,674 unassigned.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Management's Discussion and Analysis (continued)

September 30, 2012

(Unaudited)

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS (continued)**

The JWB Board revised the budget of the General Fund during the year for an overall increase in appropriations of \$3,882,393. This increase was completed by Board Actions during the fiscal year. An amount of \$3,500,000 was received from All Children’s Hospital as an intergovernmental transfer. JWB administration received \$241,000 of in-kind broadcast air time which was donated by Bright House Networks in support of televising children and family programming and \$31,500 in local contributions for a new Wealth Building initiative to start the Internal Revenue Service Volunteer Income Tax Assistance (VITA) grant. An amount of \$859,874 was received in grant awards. The awards included \$92,869 for the VITA grant and \$665,216 in funding for the Carrera teen pregnancy prevention grant.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund (Budgetary Basis), which is found on page 30, reflects actual budget variances which are approximately \$7.4 million less than the final budget amounts. The revenue variance of \$213,834 is primarily due to local and federal grants which were never realized. The expenditure variance of approximately \$7.6 million includes .9% excess spending in administration and capital outlay which resulted from a capital expenditure addition to the leased building. The children and family programs lapse includes \$5.6 million in agency services and the late start-up of a new special initiative.

**Special Revenue Fund (Pinellas Core Management Services, Inc.)**

There is a minimal fund balance which originally was assumed under the transition of PCMS to JWB in the year ending September 31, 2011. Increasing revenue activity in FY 2011/12 requires it to be recognized in the special revenue fund. See Note 2b for further discussion. The Special Revenue Fund balance at September 30, 2012 is \$166,623. This is because the majority of all expenditures incurred are either reimbursable by funders or through transfer from the General Fund.

**Capital Assets**

JWB's investment in capital assets for the governmental and business-type activities is \$4.0 million, net of accumulated depreciation. This represents a \$160,237 increase net of depreciation from September 30, 2011. The chart below includes land, buildings, improvements, and equipment with the accumulated depreciation deducted.

**JUVENILE WELFARE BOARD**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Capital lease - Equipment	\$ 45,568	\$ 59,665
Capital lease - St. Petersburg College	3,692,593	3,538,973
Furniture, fixtures, and equipment	<u>272,603</u>	<u>251,889</u>
Total	\$ <u>4,010,764</u>	\$ <u>3,850,527</u>

## **JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Management's Discussion and Analysis (continued)

September 30, 2012

(Unaudited)

### **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS (continued)**

JWB's capital technology expenditures in fiscal 2012 included costs for computer hardware and software. The increase occurred from the addition of building lease improvements and the purchase of updated equipment.

#### **Long-term liability administration**

This detail can be found in Note 8 on page 27. JWB's long-term obligations include accrued vacation and sick leave pay, several small leases payable for copier equipment, and a note payable for building improvement.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

JWB continues to face significant budget challenges due to the combined effects of the economic recession and the real estate market downturn. Over the last five years, factors affecting JWB revenues include the impacts of Legislative roll-backs, Amendment One, the dramatic decline in the real estate market, and the multi-year impact of the recession. The Board anticipated the impact to programs and, in 2008, directed staff to create a program stability fund and to manage the orderly reduction of programs over a multi-year process, versus a sudden precipitous cut which would have resulted in children being abruptly terminated from services. The Board agreed to continue this strategy for maintenance of programs through 2015. Due to reduced revenues, systemic re-design, and most importantly, because the outcomes for children in Pinellas are still not good enough, there is need for a transformation of JWB's role in delivering services to children. JWB continues to seek to increase efficiency and decrease administrative costs by seeking economies of scale. This is being accomplished through: Seeking new sources of revenue and leveraging JWB's existing investments; Facilitating and supporting mergers; Building partnerships to leverage JWB's existing investments; and Seeking non-ad valorem revenues to enhance services.

The current property tax valuation for fiscal year 2013 is \$54 billion which is an overall decrease of 1.84%. Based on anticipated property value over the next three years, the Board adopted a fiscal year 2013 budget with an increased millage rate. This effort, along with the use of the fund balance, will provide a sufficient funding level to support the major initiatives of JWB and to focus primarily on quality initiatives and child care for the most at-risk children.

### **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 58<sup>th</sup> Street North, Clearwater, FL 33760 or visit our website at: [www.jwbpinellas.org](http://www.jwbpinellas.org)

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Statement of Net Assets

September 30, 2012

(with comparative summarized financial information for 2011)

<b>Assets</b>	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
	<b>Total</b>	<b>Total</b>
Cash	\$ 13,683,302	\$ 16,639,075
Investments	5,622,442	559,010
Due from other governments	499,244	987,312
Due from other agencies	17,124	82,513
Receivables	65,113	30,794
Other assets	8,011	66,428
Note Receivable:		
Due within one year	450,723	441,925
Due in more than one year	1,004,951	1,493,562
Capital assets, net of accumulated depreciation	<u>4,010,764</u>	<u>3,850,527</u>
Total assets	<u>25,361,674</u>	<u>24,151,146</u>
<b>Liabilities</b>		
Payables to Agencies	3,525,034	3,616,874
Accounts payable	1,450,752	666,992
Bank overdraft liability	232,496	-
Other payables	41,743	6,505
Accrued salary and benefits	168,728	169,133
Long-term liabilities:		
Due within one year	132,207	47,500
Due in more than one year	<u>493,773</u>	<u>392,737</u>
Total liabilities	<u>6,044,733</u>	<u>4,899,741</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	3,751,143	3,789,683
Unrestricted	<u>15,565,798</u>	<u>15,461,722</u>
Total net assets	<u>\$ 19,316,941</u>	<u>\$ 19,251,405</u>

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

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Statement of Activities

Year Ended September 30, 2012

(with comparative summarized financial information for 2011)

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>2012</u>	<u>2011</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Net (expense) revenue and changes in net assets</u>	
				<u>Total Governmental activities</u>	
Primary government:					
Governmental activities:					
Administration	\$ 6,507,317	\$ 63,152	\$ -	\$ (6,444,165)	\$ (6,258,799)
Children and family programs	42,673,597	-	5,194,679	(37,478,918)	(42,314,647)
Total governmental activities	<u>49,180,914</u>	<u>63,152</u>	<u>5,194,679</u>	<u>(43,923,083)</u>	<u>(48,573,446)</u>
Business-type activities:					
Pinellas Park Building	-	-	-	-	(122,785)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,785)</u>
Total primary government	<u>\$ 49,180,914</u>	<u>63,152</u>	<u>5,194,679</u>	<u>(43,923,083)</u>	<u>(48,696,231)</u>
General revenues:					
Property taxes				43,814,897	43,852,676
Investment income, net				159,545	194,987
Miscellaneous				14,177	560
<i>Special item</i> - gain on sale of building				-	835,964
Transfers:					
Transfer from other governmental agency				-	(35,672)
Total general revenues, special item and transfers				<u>43,988,619</u>	<u>44,848,515</u>
Change in net assets				65,536	(3,847,716)
Net assets – beginning of year				19,251,405	23,099,121
Net assets – end of year				<u>\$ 19,316,941</u>	<u>\$ 19,251,405</u>

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

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Balance Sheet – Governmental Funds

September 30, 2012

(with comparative summarized financial information for 2011)

	Major Fund		Non-major Fund	
	General Fund	Special Revenue Fund	2012	2011
<b>Assets</b>				
Cash	\$ 13,682,702	\$ 600	\$ 13,683,302	\$ 16,639,075
Investments	5,622,442	—	5,622,442	559,010
Due from other governments	397,455	—	397,455	987,312
Due from other agencies	17,124	—	17,124	82,513
Receivables	62,719	2,395	65,113	30,794
Other Receivables	8,011	—	8,011	66,428
Due from other funds	(1,122,688)	1,122,688	—	—
Notes Receivable:				
Due within one year	450,723	—	450,723	441,925
Due in more than one year	1,004,951	—	1,004,951	1,493,562
Total assets	<u>\$ 20,123,439</u>	<u>\$ 1,125,683</u>	<u>\$ 21,249,121</u>	<u>\$ 20,300,619</u>
 <b>Liabilities and Fund Balance</b>				
Liabilities:				
Payables to Agencies	\$ 3,525,034	\$ —	\$ 3,525,034	\$ 3,616,874
Accounts payable	724,307	726,445	1,450,752	666,992
Bank overdraft liability	—	232,496	232,496	—
Other payables	41,625	118	41,743	6,505
Accrued salary and benefits	168,728	—	168,728	169,133
Total liabilities	<u>4,459,694</u>	<u>959,060</u>	<u>5,418,753</u>	<u>4,459,504</u>
Fund balance:				
Non-spendable	1,004,951	—	1,004,951	1,493,562
Assigned for future years' expenditures	4,555,120	—	4,555,120	6,010,539
Assigned for sick leave pool	—	—	—	20,675
Assigned for disability benefits	—	—	—	420,834
Assigned for PCMS	—	166,623	166,623	—
Unassigned	10,103,674	—	10,103,674	7,895,505
Total fund balance	<u>15,663,745</u>	<u>166,623</u>	<u>15,830,368</u>	<u>15,841,115</u>
Total liabilities and fund balance	<u>\$ 20,123,439</u>	<u>\$ 1,125,683</u>	<u>\$ 21,249,121</u>	<u>\$ 20,300,619</u>



**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

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

September 30, 2012

(with comparative financial information for 2011)

	<u>2012</u>	<u>2011</u>
Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balance – governmental fund	\$ 15,830,368	\$ 15,841,115
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	4,010,764	3,850,527
Accounts receivable shown in governmental activities were not financial resources, therefore, were not reported in the governmental funds	101,789	-
Some long-term liabilities that are not due and payable in the current period activities consist of:		
Capital leases	(47,791)	(60,844)
Other non-current liabilities	(211,830)	-
Compensated absences	(366,359)	(379,393)
Net assets of governmental activities	<u>\$ 19,316,941</u>	<u>\$ 19,251,405</u>

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

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**  
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds  
Year Ended September 30, 2012  
(with comparative financial information for 2011)

	<b>Major Fund</b>	<b>Non-major Fund</b>	<b>2012</b>	<b>2011</b>
	<b>General Fund</b>	<b>Special Revenue Fund</b>		
<b>Revenues:</b>				
Property taxes	\$ 43,814,897	\$ —	\$ 43,814,897	\$ 43,852,676
Fees	18,152	—	18,152	34,618
Intergovernmental	1,133,706	—	1,133,706	847,560
Grant and contribution revenue	3,959,184	—	3,959,184	324,066
Investment income, net	159,366	179	159,545	194,987
Other	10,192	3,985	14,177	560
Total revenues	49,095,497	4,164	49,099,661	45,254,467
<b>Expenditures:</b>				
Administration	6,276,183	13,849	6,290,032	6,066,389
Children and family programs	40,604,557	2,069,039	42,673,597	43,486,273
Capital outlay	398,236	—	398,236	174,602
Total expenditures	47,278,976	2,082,889	49,361,865	49,727,264
Excess of revenues over expenditures	1,816,521	(2,078,725)	(262,204)	(4,472,797)
<b>Other Financing Sources (Uses)</b>				
Transfer of Pinellas Park Building Fund	—	—	—	1,623,407
Transfers in (out)	(2,069,039)	2,069,039	—	—
Capital lease	251,457	—	251,457	53,411
Total other financing sources	(1,817,582)	2,069,039	251,457	1,676,818
Excess of expenditures and other financing sources (uses) over revenue	(1,061)	(9,686)	(10,747)	(2,795,979)
Fund balance – beginning of year	15,664,806	176,309	15,841,115	18,637,094
Fund balance – end of year	\$ 15,663,745	\$ 166,623	\$ 15,830,368	\$ 15,841,115

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



**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
Year Ended September 30, 2012  
(with comparative financial information for 2011)

	<u>2012</u>	<u>2011</u>
Amounts reported for governmental activities in the statement		
of net assets are different because:		
Net change in fund balance	\$ (10,747)	\$ (2,795,979)
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	177,196	205,583
Capital lease	251,457	—
Capital asset transfer	—	(67,706)
Depreciation expense	(268,416)	(215,440)
Revenues shown in governmental activities were not financial resources, therefore, were not reported in the governmental funds	101,789	—
The issuance of long-term debt (capital leases) provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	(211,830)	(53,411)
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	13,034	(38,792)
Lease expense	13,053	28,257
Change in net assets in governmental activities	<u>\$ 65,536</u>	<u>\$ (2,937,488)</u>



# JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Notes to the Financial Statements

September 30, 2012

## 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.

On January 1, 2010, JWB became the governing board of Pinellas Core Management Services, Inc (“PCMS”), a 501(c)(3) not-for-profit entity. PCMS receives and administers federal, state and local grants and other funds and administers programs or pass through funding to other 501(c)(3) organizations in the core service areas of parent support and skills training; family literacy services, economic development activities, child development activities, outreach and other activities to benefit low-income families and children in Pinellas County, Florida.

## 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 financial reporting entity consists of the primary government and any organizations for which the primary government is financially accountable in accordance with the provisions of Statement No. 14 of the Governmental Accounting Standards Board (“GASB”), The Financial Reporting Entity (the Statement). Component units are defined by the Statement as legally separate organizations for which the elected officials of the primary government are financially accountable. Criteria for determining if other entities are potential component units that should be reported within JWB’s based financial statements are identified and described in GASB Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. There is one component unit included in the JWB reporting entity.

The Juvenile Welfare Board is an independent taxing authority governed by an eleven-member board. Five members are appointed by statute and six are appointed by the Governor of Florida. JWB has complete authority to hire management and all other employees. It is empowered by Florida Statute to levy ad valorem taxes against property tax owners in Pinellas County and is independent of the County. JWB is a primary government and is not a component unit of the County.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**2. Summary of Significant Accounting Policies and Practices (continued)**

PCMS is a separate 501(c)(3) not-for-profit corporation, which is reported as a blended component unit, specifically a special revenue fund, of the JWB. Based on the criteria with respect to the determination of component units, PCMS has been included as a blended component unit and is accounted for as a special revenue fund. The governing body of PCMS is substantively the same as the governing body of the primary government. PCMS provides services entirely, or almost entirely, to the benefit of JWB even though it does not provide services directly to it. JWB management retains the operational responsibility of PCMS activities.

**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 reflect governmental activities, normally financed through taxes, intergovernmental revenues and other non-exchange activities.

The statement of activities presents comparison of direct expenses and program revenues for each function of JWB's governmental activities. Direct expenses are those associated with a specific function or program. Program revenues include: (1) charges for services paid to JWB for goods or services and (2) 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. A separate financial statement is presented for the governmental category. Separate columns are presented for each major individual governmental fund.

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

## JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Notes to the Financial Statements

September 30, 2012

### 2. *Summary of Significant Accounting Policies and Practices (continued)*

#### *c. Measurement Focus and Basis of Accounting*

The government-wide 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. 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 and special revenue funds. 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 sixty days after year end. Expenditures are recorded when the fund liability is incurred, except for compensated absences that are recognized when due.

#### *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.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**2. Summary of Significant Accounting Policies and Practices (continued)**

- The budget presented for general fund in these financial statements has been prepared on the modified accrual basis of accounting. 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. Board action authorizes any increases during a fiscal year.

PCMS has no legal requirement to adopt a budget and therefore the requirement to present budget information is eliminated.

**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**

JWB's investment strategy is to invest funds in options which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the JWB and which conform to all state statutes governing the investment of public funds. Earnings are recorded as interest income and all investments are stated at fair value.

**g. Capital Assets**

Capital assets include property and equipment and are reported in the governmental activities of the government-wide financial statements. As per Florida State Statutes, 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. Capital assets greater than \$1,000 are tracked and recorded in a fixed asset system.

Maintenance, repairs and minor renovations are not capitalized. Expenditures that materially increase values or extend useful lives are capitalized.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**2. Summary of Significant Accounting Policies and Practices (continued)**

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

<u>Property classification</u>	<u>Estimated useful life</u>
Capital lease, buildings	37 years
Capital lease, improvements	Remaining life of the building
Furniture, fixtures and equipment	3 -7 years

Depreciation expense is included in the government-wide financial statements.

***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. The estimated liability for all accrued vacation and sick leave benefits is recorded in the government-wide financial statements.

***i. Fund Balance***

Designations of general fund balances represent tentative plans for future use of financial resources. In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise the limitations on the funds. The fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

**Non-spendable** includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually bound. **Restricted** consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law. **Committed** consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the JWB. **Assigned** consists of amounts that are constrained by the JWB's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the JWB Board or the Executive Director as established in the Board's Policy. **Unassigned** represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

JWB 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. The maximum calculated reserve of \$6,357,633 is part of the unassigned fund balance at year end.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**2. Summary of Significant Accounting Policies and Practices (continued)**

**j. 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.

**k. GASB Statement No. 61**

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and also clarifies the reporting of equity interests in legally separate organizations. The provisions of this Statement will be effective for the fiscal year ending September 30, 2013. JWB has implemented this statement. PCMS is classified as a blended component unit and is described in Note 2b.

**3. Cash and Cash Equivalents**

The bank and book balances were as follows at September 30, 2012:

Deposits with commercial banks (book balance)	\$ 13,682,602
Petty cash	<u>700</u>
Book balance	<u>\$ 13,683,302</u>
Bank balance of deposits in commercial banks	<u>\$ 13,878,942</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. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida Qualified Public Depositories (“QPD”) 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’s bank balances are held in QPD’s.

At September 30, 2012, JWB’s cash equivalents include short term investments in two money market account. The funds’ yield rates as of that date were each .15%. Earnings from money market accounts are maintained in the general fund. JWB maintains a cash sweep account for the checking accounts of the governmental funds.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**4. Investments**

At September 30, 2012, JWB had the following investments:

	<u>Fair Value</u>	<u>Percentage</u>
Florida State Board of Administration (PRIME)	\$ 387,993	6.9%
Florida State Board of Administration (Fund B)	231,841	4.1%
Florida Local Government Investment Trust (FLGIT)	<u>5,002,608</u>	89.0%
Total	<u>\$ 5,622,442</u>	

As of September 2012, investments consist of amounts placed within Securities and Exchange Commission Rule 2a7-like external investment pools which are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost, with the State Board of Administration (SBA) and the Florida Local Government Investment Trust (FLGIT) investment pools created by Section 218.405 and 218.407, Florida Statutes.

At fiscal year-end, JWB had \$619,834 invested in the SBA. Within the local government investment pool, 63% is entitled Florida PRIME and 37% is in the Fund B Surplus Funds Trust Fund (Fund B). The PRIME fund's yield rate as of that date was .32%. Fund B pays no interest in lieu of recovering its losses. JWB's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.94896811. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. At September 30, 2012, the cost basis of Fund B was \$244,309 and the fair value of Fund B was \$231,841. One hundred percent of such distributions from Fund B are available as a liquid balance within Florida PRIME.

The FLGIT investment is a money market product created in January 2009 to provide a fiscally conservative diversification option for Florida local governments. The fund is governed by the same board and advisory committee that oversees the Investment Trust. The Fund features same day transactions.

***Custodial 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.

## JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Notes to the Financial Statements

September 30, 2012

### 4. *Investments (continued)*

Investments in money market funds must have a rating of AAAm or AAAg from Standard & Poors or better at the time of purchase.

The Florida PRIME and FLGIT are rated by Standard and Poors. The current rating for each is AAAm. These ratings are the highest creditworthiness rates given by the national agencies. In addition, investments into all these funds are within the SEC rule 2a-7 guideline. Fund B is not rated by any national agency.

#### *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. JWB currently does not have material investment balances with long-term maturities that may be subject to significant fair value losses arising from increasing interest rates. Investments are expected to be prudent and to minimize default risk.

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2012, is 39 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

The weighted average life (based on expected future cash flows) of Fund B at September 30, 2012, is estimated at 4.08 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

The weighted average maturity of the FLGIT is 51 days. The portfolio is extremely liquid with the majority of the investments in US Government Securities (US Treasuries, agencies, and repos) with the remainder in short term corporate bonds, commercial paper, and certificates of deposit.

#### *Concentration Risk*

JWB's investment policy establishes the following investment diversification guidelines: The local government surplus funds Trust Fund or any intergovernmental investment pool 75%; U.S. Treasury Obligations 75%; U.S. Federal Agency Obligations 75%; U.S. Government-sponsored enterprises (GSE's) 75%; Non-Negotiable Interest Bearing Savings Accounts, Demand Deposit Accounts or Time Certificates of Deposit 100%; Repurchase Agreements 50%; Commercial Paper 50%; and Money Market Funds 75%. As of September 30, 2012, all JWB investments were in compliance with JWB's investment policy and did not exceed portfolio allocation.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**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 special revenue fund. At fiscal year end, there was \$1,122,688 in interfund receivables and payables.

Interfund transfers include amounts transferred from the general fund to the special revenue fund for the activities of the fund. As of September 30, 2012, there was \$2,069,039 in interfund revenue and expenditures.

**6. *Note Receivable***

In March 2011, JWB completed the sale of the Pinellas Park Building. The building was sold directly to a third party at a market price of \$2,500,000, with JWB providing a private interest-free mortgage over 8 years. JWB imputed the interest on the mortgage receivable to be 2.42%.

The principal and imputed interest of the mortgage is receivable in the following amounts:

<u>Fiscal Year ending September 30,</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
2013	\$ 450,723	\$ 23,438	\$ 474,161
2014	164,893	22,877	187,770
2015	168,928	18,842	187,770
2016	173,061	14,708	187,769
2017	177,296	10,473	187,769
2018 - 2019	320,773	7,826	328,599
	<u>\$ 1,455,674</u>	<u>\$ 98,164</u>	<u>\$ 1,553,838</u>

**7. *Capital Assets***

JWB entered into a lease agreement with St. Petersburg College (the “College”) whereby JWB leases 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 was used for the modifications and improvements to the leased premises. During this fiscal year, JWB paid \$251,457 for further improvements. The amount capitalized is being amortized over the life of the leasehold improvements which is approximately thirty-six years.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**7. Capital Assets (continued)**

Capital asset activity for the year ended September 30, 2012 was as follows:

	<b>Governmental Activities</b>			
	<b>October 1, 2011</b>	<b>Additions and Transfers In</b>	<b>Disposals and Transfers Out</b>	<b>September 30, 2012</b>
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 798,571	\$ 177,196	\$ 26,605	\$ 949,162
Capital lease-equipment	79,029	—	—	79,029
Capital lease-St. Petersburg College	3,800,240	251,457	—	4,051,697
Total capital assets	<u>4,677,840</u>	<u>428,653</u>	<u>26,605</u>	<u>5,079,888</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	546,682	156,482	26,605	676,559
Capital lease-equipment	19,364	14,097	—	33,461
Capital lease-St. Petersburg College	261,267	97,837	—	359,104
Total accumulated depreciation	<u>827,313</u>	<u>268,416</u>	<u>26,605</u>	<u>1,069,124</u>
Capital assets, net	<u>\$ 3,850,527</u>	<u>\$ 160,237</u>	<u>\$ —</u>	<u>\$ 4,010,764</u>

Depreciation was charged to the following functions:

General government

Administration \$ 268,416

**8. Long-Term Liabilities**

As a benefit, JWB offers annual leave and sick leave to its employees. JWB has entered into several lease agreements for copier equipment, which have been determined to be capital leases. During the fiscal year, JWB entered into a capital lease for building improvements.

The following is a schedule of changes in long-term liabilities for fiscal year ended September 30, 2012.

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due in one year</b>
Compensated absences	\$ 379,393	\$ 120,306	\$ 133,340	\$ 366,359	\$ 37,002
Capital Leases - Equipment	60,844	—	13,053	47,791	13,273
Leasehold Improvements - St. Petersburg College	<u>—</u>	<u>251,457</u>	<u>39,627</u>	<u>211,830</u>	<u>81,932</u>
<b>Total</b>	<u>\$ 440,237</u>	<u>\$ 371,763</u>	<u>\$ 186,020</u>	<u>\$ 625,980</u>	<u>\$ 132,207</u>

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**8. Long-Term Liabilities (continued)**

The future minimum lease obligations and the net present value of the capital leases as of September 30, 2012, were as follows:

<u>Year ending September 30</u>	
2013	\$ 105,844
2014	104,555
2015	58,000
2106	<u>9,056</u>
Total minimum lease payments	277,455
Less: amount representing interest	<u>(17,834)</u>
Present value of minimum lease payments	<u>\$ 259,621</u>

**9. Retirement Plan**

All Juvenile Welfare Board employees are eligible to participate in the State of Florida Retirement System ("FRS"), a cost-sharing multiple-employer defined benefit plan administered by the State of Florida Division of Retirement. The FRS is a defined benefit plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Since June 1, 2002, the FRS began offering a new retirement plan option, the Florida Retirement System 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. Effective July 1, 2011, FRS members must contribute 3% of their salary as retirement contributions on a pre-tax basis.

Plan members hired prior to July 1, 2011 at age 62 with 6 years of credited service or 30 years of service regardless of age are entitled to an annual retirement benefit payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service. Average final compensation is the average of the employee's five highest fiscal years of salary earned during credited service. Vested employees with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Plan members hired on or after July 1, 2011 at age 65 with 8 years of credited service or 33 years of service regardless of age to be entitled to annual retirement benefits payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service.

Average final compensation will be the average of the employee's eight highest fiscal years earned during credited service. Vested employees with less than 33 years of service may retire before age 65 and receive reduced retirement benefits.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**9. Retirement Plan (continued)**

There will be no Pension Plan Cost of Living Adjustment (“COLA”) on service earned on or after July 1, 2011. A reduced COLA will be calculated if a member’s retirement of DROP participation date is effective on or after August 1, 2011. The reduced COLA will be calculated by taking the total years of service earned prior to July 1, 2011 and dividing it by the total years of service at retirement, then multiplying it by 3%.

The System Annual Report July 1, 2010 – June 30, 2011 available as mentioned above, stated that the System pension plan was 86.93% funded at July 1, 2010 since the actuarial value of assets was \$126.08 billion compared to the actuarial accrued liability of \$145.03 billion.

Effective July 1, 2011, System members are required to contribute 3% of pretax salaries. Participating employer contributions are based upon statewide rates established by the state of Florida. These rates are applied to employee salaries as follows:

Official, 11.14% and 10.23% from October 1, 2011 through June 30, 2012, and July 1, 2012 through September 30, 2012, respectively;

Senior Class, 6.27% and 6.30% from October 1, 2011 through June 30, 2012, and July 1, 2012 through September 30, 2012, respectively;

Regular, 4.91% and 5.18% from October 1, 2011 through June 30, 2012, and July 1, 2012 through September 30, 2012, respectively;

DROP, 4.22% and 5.44% from October 1, 2011 through June 30, 2012, and July 1, 2012 through September 30, 2012, respectively.

JWB is required to contribute an actuarially determined rate. The actuarially determined contributions required and made by JWB for the years ending September 30, 2012, 2011, and 2010 were \$188,287, \$378,175, and \$360,602, respectively.

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, 2011. That report may be obtained by writing to Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000, or accessing their Internet site at [www.frs.state.fl.us](http://www.frs.state.fl.us).

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to the Financial Statements

September 30, 2012

**10. Fund Balance**

**a. Non-spendable**

The long term amount of notes receivable are considered to not be in spendable form for JWB.

**b. Assigned for Future Year's Expenditures**

The fiscal 2011 Budget Resolution appropriated the amount of \$4,555,120 from the fiscal 2012 year fund balance for expenditures authorized in excess of anticipated revenue during fiscal year 2013.

**c. Assigned for Disability Benefit**

JWB designates a portion of the fund balance for short-term disability loss contingencies. Charges for claims incurred are made directly to expenditures. During the year, the Board voted to dissolve the self-administered benefit and seek a third-party provider for this function.

**d. Assigned 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. During this fiscal year, the Board voted to remove this benefit from the personnel policy.

**e. Assigned for PCMS**

PCMS receives and administers federal, state and local grants and other funds and administers programs or pass through funding to other 501(c)(3) organizations in the core service areas of parent support and skills training; family literacy services, economic development activities, child development activities, outreach and other activities to benefit low-income families and children in Pinellas County, Florida. As such, net assets are assigned for these specific purposes.

## JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Notes to the Financial Statements

September 30, 2012

### 11. *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, 2012, a rate of 0.8337 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

### 12. *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.

### 13. *Subsequent Events*

Management has evaluated subsequent events from October 1, 2012 to **January XX, 2013** in connection with the preparation of these financial statements which is the date the financial statements were available to be issued. There are no subsequent events to disclose.

**Required Supplementary Information**

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**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –  
 General Fund (Budgetary Basis)  
 Year Ended September 30, 2012

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<b>Variance with final budget positive (negative)</b>
Revenues:				
Property taxes	\$ 43,728,566	\$ 43,728,566	\$ 43,814,897	\$ 86,331
Fees	18,000	18,000	18,152	152
Intergovernmental	1,132,205	1,619,247	1,133,706	(485,541)
Grant and contribution revenue	—	3,779,518	3,959,184	179,666
Investment income, net	150,000	150,000	159,366	9,366
Other	14,000	14,000	10,192	(3,808)
	<u>45,042,771</u>	<u>49,309,331</u>	<u>49,095,497</u>	<u>(213,834)</u>
Expenditures:				
Current:				
Administration	6,151,658	6,094,506	6,080,657	(13,849)
Children and family programs	44,669,467	48,262,342	40,604,557	7,657,785
Nonoperating	232,185	232,185	195,526	36,659
Capital outlay	—	346,670	398,236	(51,566)
	<u>51,053,310</u>	<u>54,935,703</u>	<u>47,278,976</u>	<u>7,629,029</u>
Excess of revenues over expenditures	\$ <u>(6,010,539)</u>	\$ <u>(5,626,372)</u>	1,816,521	\$ <u>7,415,195</u>
Other Financing Sources (Uses)				
Transfers out			(2,069,039)	
Capital lease proceeds			<u>251,457</u>	
Excess of revenues over expenditures and other sources (uses)			(1,061)	
Fund balance – beginning of year			<u>15,664,806</u>	
Fund balance – end of year			\$ <u><u>15,663,745</u></u>	



**Grant Compliance**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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 general 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, 2012, which collectively comprise JWB’s basic financial statements and have issued our report thereon dated January xx, 2013. 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

Management of JWB is responsible for establishing and maintaining effective 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 opinions 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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*.

We noted a certain matter that we reported to management of JWB's, in a separate letter dated January xx, 2013.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, 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.

Tampa, Florida  
January xx, 2013

DRAFT

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board  
Juvenile Welfare Board of Pinellas County

Compliance

We have audited the Juvenile Welfare Board of Pinellas County's ("JWB") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on JWB's major federal program for the year ended September 30, 2012. JWB's major federal program is identified in the summary of auditor's 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 JWB's management. Our responsibility is to express an opinion on JWB's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JWB'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 JWB's compliance with those requirements.

In our opinion, JWB, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are 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 2012-2.

## Internal Control over Compliance

Management of JWB is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered JWB's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JWB's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weakness have been identified. However, as disclosed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-1 to be a significant deficiency.

JWB's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit JWB's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, 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.

Tampa, Florida  
January XX, 2013

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Schedule of Expenditures of Federal Awards

For the Year ended September 30, 2012

Federal Grantor/ Program Title	Federal CFDA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
<u>U.S. Department of Health and Human Services</u>				
Direct Programs				
Teenage Pregnancy Prevention Program	93.297	TP1AH000015-02-00	\$ 686,211	\$ 441,002
Teenage Pregnancy Prevention Program	93.297	TP1AH000015-03-00	80,794	50,868
Total U.S. Department of Health and Human Services			767,005	491,870
<u>U.S. Department of the Treasury</u>				
Direct Program				
Volunteer Income Tax Assistance Matching Grant Program	21.009	V12120	92,869	-
Total U.S. Department of the Treasury			92,869	-
Total Federal Awards			\$ 859,874	\$ 491,870
The notes to the schedule of expenditures of federal awards are an integral part of this schedule.				

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2012

**1. *Basis of Presentation***

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Juvenile Welfare Board of Pinellas County (“JWB”) and Pinellas Core Management Services, Inc. (“PCMS”) (blended component unit), and is presented on an 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. *Contingencies***

Expenditures incurred by JWB associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. JWB would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial in amount.

**3. *Pinellas Core Management Services, Inc.***

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pinellas Core Management Services, Inc., Inc. (Federal I.D. Number 59-3647540). During the year ended September 30, 2012, \$85,332 of expenditures under the U.S. Department of Health and Human Services grant was reported by this entity.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Schedule of Findings and Questioned Costs

Year Ended September 30, 2012

**I. Summary of Audit Results**

**Financial Statement Section**

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        x   no

Significant deficiency(ies) identified not considered to be material weakness(es)?

\_\_\_\_\_ yes        x   none reported

Noncompliance material to financial statements noted

\_\_\_\_\_ yes        x   no

**Federal Awards Section**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes        x   no

Significant deficiency(ies) identified not considered to be material weakness(es)?

  x   yes      \_\_\_\_\_ none reported

Type of auditors' report on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of OMB Circular A-133

  x   yes      \_\_\_\_\_ no

Identification of the major federal program:

CFDA Number	Name of Program or Cluster
93.297	U.S. Department of Health and Human Services Teen Pregnancy Prevention Program

Dollar threshold used to distinguish between type A and type B programs

\$300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        x   no

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2012

**II. Findings - Financial Statements Audit**

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**III. Findings and Questioned Costs - Major Federal Award Program**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**2012-1 Significant Deficiency in Internal Control over Compliance  
Teen Pregnancy Prevention Program—CFDA No.93.297; Grant No.  
TP1AH000015-02-00; Grant period—Year ended September 30, 2012**

**Criteria:** Management of the Juvenile Welfare Board of Pinellas County (the “Organization”) is responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs.

**Condition:** During our audit it was noted that the Organization did not maintain adequate control’s over compliance.

**Context:** The above condition consisted of the following: one out of twenty-three expenditures selected for testing was not approved by someone knowledgeable of the grant requirements and two out of twenty-three expenditures selected for testing had no indication of review.

**Cause:** One of the selections was approved but not by someone knowledgeable of the grant requirements and subsequent to approval the expenditure was allocated to the grant with no further review of the expenditures as an allowable cost. Two of the selections were not properly approved in accordance with the Organization’s control process.

**Effect:** The Organization’s controls over compliance requirements were not operating effectively.

**Recommendation:** All expenses should be approved by an employee who is knowledgeable of grant requirements.

**Views of Responsible Officials and Planned Corrective Actions:** JWB agrees with the finding and will designate an employee to review all grant expenditures.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2012

**2012-2 Nonmaterial Noncompliance over Grant Compliance  
Teen Pregnancy Prevention Program—CFDA No.93.297; Grant No.  
TP1AH000015-02-00; Grant period—Year ended September 30, 2012**

**Criteria:** Management of the Organization is responsible for maintaining compliance with the terms and conditions of the Teen Pregnancy Prevention Program, CFDA 93.297.

**Condition:** During our audit it was noted that the Organization did not maintain documentation to support the allowable cost of the expenditure.

**Context:** The above condition is isolated to one grant expenditure out of a sample of twenty-three grant expenditures.

**Cause:** The evidential documentation required to support that the expenditure was allowable under the grant was not maintained by the Organization.

**Effect:** Auditor was not able to determine if this expenditure was an allowable cost under the grant.

**Questioned Cost:** The amount of the allowable cost in question related to the unsupported expenditure was \$300.

**Recommendation:** Procedures should be implemented to have all check requests supported by the proper evidential documentation.

**Views of Responsible Officials and Planned Corrective Actions:** JWB agrees with the finding and will require all check requests to be followed up with proper support for expenditure.

**IV. Other Matters**

A summary Schedule of Prior Audit Findings is not necessary since there were no prior audit findings.

**JUVENILE WELFARE BOARD OF PINELLAS COUNTY**  
Summary Schedule of Prior Year Findings and Questioned Costs  
Year Ended September 30, 2012

There were no prior year findings that are required to be reported.

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## Independent Certified Public Accountants 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 fiscal year ended September 30, 2012, and have issued our report thereon dated **January XX, 2013**.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Report of Independent Certified Public Accountants Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Report of Independent Certified Public Accountants Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated **January XX, 2013**, 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 reports or schedule.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendation made in the preceding annual financial report except as noted below under the heading Prior Year Findings and Recommendations.

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 not in compliance with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve 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 provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements 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 the 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) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we noted that the Finance Director did not review the annual report before its submission. We recommend that all reports be reviewed before submission.

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 and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in the notes to the 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 identification of the specific condition(s) met. In connection with our audit, we determined that the JWB did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the JWB for the fiscal year ended September 30, 2012, 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, 2012. **In connection with our audit, we determined that these two reports were in agreement.**

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the 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 same.

#### Prior Year Findings and Recommendation:

1. In the prior year we received 70 adjusting journal entries from management.  
Update: JWB had significant improvements and we only received 9 adjusting entries in the current year.
2. In the prior year we noted that the timing of the draw-down of a receivable was not within JWB's 60 day period of availability.  
Update: We noted that another instance in the current year where a draw-down of a receivable was not within JWB's 60 day period of availability in current year, which prompted a difference between the modified accrual method and the full accrual method. We recommend that management transfer funds timely in order for the financial statements to be consistent with both methods.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Tampa, Florida  
January, XX, 2013

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