



JUVENILE WELFARE BOARD

Financial Statements

September 30, 2011

JUVENILE WELFARE BOARD

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Report of Independent Auditors

Members of the Board
Juvenile Welfare Board of Pinellas County:

Tampa, Florida
January XX, 2012

Report of Independent Auditors

Members of the Board
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Tampa, Florida
January XX, 2012

JUVENILE WELFARE BOARD
Management's Discussion and Analysis (continued)

September 30, 2011
(Unaudited)

As management of the Juvenile Welfare Board of Pinellas County (JWB) we offer the readers of JWB's financial statements this narrative overview and analysis of the financial performance of JWB for the fiscal year ended September 30, 2011. It is designed to provide greater accountability to citizens and identify significant changes in financial position and overall results of operations. Readers are encouraged to consider the information presented here in conjunction with the JWB financial statements and footnotes that follow this section.

FINANCIAL HIGHLIGHTS

- JWB's total net assets decreased by \$ 3,847,716 (or 17%). This comprises the combination of the net assets of the governmental activities which decreased by \$2,937,488 (or 13%) and the business-type net assets which decreased by \$910,228 (or 100%). It also includes Pinellas Core Management Services ("PCMS"), a 501(c)(3) not-for-profit corporation, which is a blended component unit to the JWB's governmental activities. See Note 2(b) to the financial statements for further discussion.
- The JWB's governmental activities total expenses of \$49,779,690 reflected a reduction over the prior year by \$2,745,302 (or -5%). The total revenue decreased by \$4,969,096 (or -10%). This is primarily due to a reduction in property tax revenue.
- In JWB's business-type activities, the expenses decreased by \$1,040,187 (or -82%). This is due to both the close out and transfer of the Pinellas Park building fund.
- The General Fund incurred a net decrease of \$2,795,979.
- The expenditures were \$12,609,285 less than budgeted for the General Fund. This results from an amount of \$7,781,106 budgeted for the program stabilization reserve that remains set aside per action of the Board of Directors and an amount of \$4,828,179 of the budget that was actually not expended. This largely includes a grant budget lapse and an intentional lapse in the children and family programs.

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. This year also includes the PCMS. It is a legally separate not-for-profit entity; however, it complies with the criteria as a blended component unit with JWB. 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.

JUVENILE WELFARE BOARD
Management's Discussion and Analysis (continued)

September 30, 2011
(Unaudited)

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.

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.

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.

JUVENILE WELFARE BOARD
Management's Discussion and Analysis (continued)

September 30, 2011
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Assets compared to the prior year. As of September 30, 2011, net assets totaled \$19.2 million. In 2011, investment in capital assets, net of related debt (land, buildings, furniture and equipment) represents 19% of JWB's total net assets. 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 80% of total net assets.

JUVENILE WELFARE BOARD'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 20,300,619	\$ 23,456,374	\$ —	\$ (492,038)	\$ 20,300,619	\$ 22,964,336
Capital Assets	3,850,527	3,928,090	—	—	3,850,527	3,928,090
Assets held for sale	—	—	—	1,402,266	—	1,402,266
Total assets	<u>24,151,146</u>	<u>27,384,464</u>	<u>—</u>	<u>910,228</u>	<u>24,151,146</u>	<u>28,294,692</u>
Other liabilities	4,459,504	4,819,280	—	—	4,459,504	4,819,280
Long-term liabilities	440,237	376,291	—	—	440,237	376,291
Total liabilities	<u>4,899,741</u>	<u>5,195,571</u>	<u>—</u>	<u>—</u>	<u>4,899,741</u>	<u>5,195,571</u>
Net assets (deficit)						
Invested in capital	3,789,683	3,892,400	—	—	3,789,683	3,892,400
Unrestricted	15,461,722	18,296,493	—	910,228	15,461,722	19,206,721
Total net assets	<u>\$ 19,251,405</u>	<u>\$ 22,188,893</u>	<u>\$ —</u>	<u>\$ 910,228</u>	<u>\$ 19,251,405</u>	<u>\$ 23,099,121</u>

JUVENILE WELFARE BOARD
Management's Discussion and Analysis (continued)

September 30, 2011
(Unaudited)

The following schedule reflects the condensed Statement of Changes in Net Assets compared to the prior year. Overall, total revenues for JWB decreased by 10%, primarily due to a decrease in tax revenues. Total expenses increased by 3% over the prior year due to less tax revenue to appropriate for children and family programs.

JUVENILE WELFARE BOARD'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 34,618	\$ 43,149	\$ —	\$ —	\$ 34,618	\$ 43,149
Operating grants and contributions	913,379	1,318,758	—	—	913,379	1,318,758
General revenues:						
Property taxes	43,852,676	48,489,843	—	—	43,852,676	48,489,843
Investment income	194,987	210,834	—	—	194,987	210,834
Miscellaneous	258,807	160,979	—	—	258,807	160,979
Total revenues	<u>45,254,467</u>	<u>50,223,563</u>	<u>—</u>	<u>—</u>	<u>45,254,467</u>	<u>50,223,563</u>
Expenses:						
Administration	6,293,417	6,197,640	—	—	6,293,417	6,197,640
Children & family programs	43,486,273	42,005,453	—	—	43,486,273	42,005,453
Pinellas Park Building	—	—	221,162	150,364	221,162	150,364
Total expenses	<u>49,779,690</u>	<u>48,203,093</u>	<u>221,162</u>	<u>150,364</u>	<u>50,000,852</u>	<u>48,353,457</u>
Increase (decrease) in net assets	(4,525,223)	2,020,470	(221,162)	(150,364)	(4,746,385)	1,870,106
<i>Special Item</i> -gain on sale of building						
	—	—	934,341	—	934,341	—
Transfers to other funds	1,623,407	25,752	(1,623,407)	(25,752)	—	—
Transfers to other agencies	—	(104,588)	—	—	—	(104,588)
Transfers to other governments	(35,672)	—	—	—	(35,672)	—
Increase (decrease) in net assets after special item and transfers	(2,937,488)	1,941,634	(910,228)	(176,116)	(3,847,716)	1,765,515
Net assets beginning, restated	<u>22,188,893</u>	<u>20,247,259</u>	<u>910,228</u>	<u>1,086,344</u>	<u>23,099,121</u>	<u>21,333,603</u>
Net assets ending	<u>\$ 19,251,405</u>	<u>\$ 22,188,893</u>	<u>\$ —</u>	<u>\$ 910,228</u>	<u>\$ 19,251,405</u>	<u>\$ 23,099,118</u>

Governmental activities. The current property tax valuation for fiscal year 2011 was \$58 billion which is an overall decrease of 9.5%. This is due to substantial reduction in property values which has occurred over the last three years.

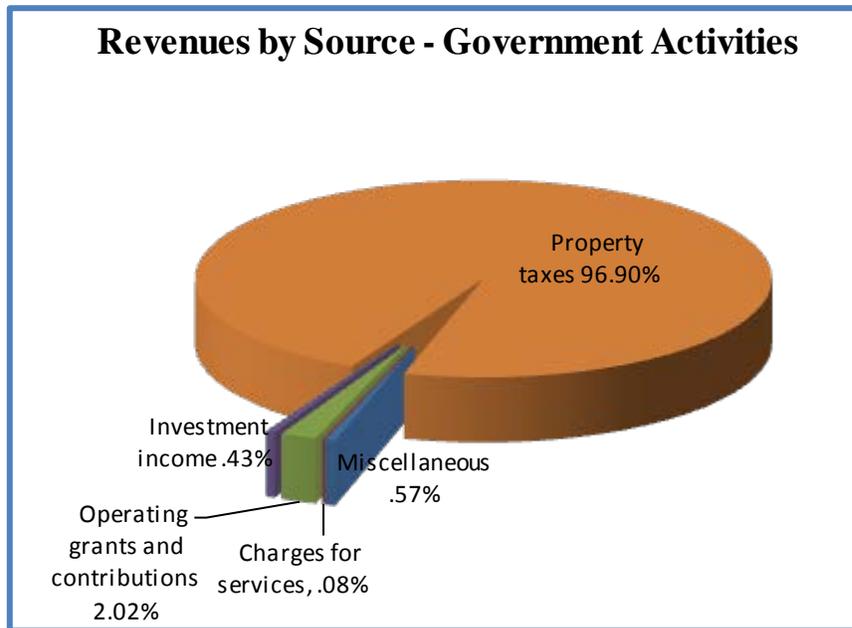
JUVENILE WELFARE BOARD
Management's Discussion and Analysis (continued)

September 30, 2011
(Unaudited)

For fiscal year 2011, the budget reflects a millage rate of .7915 mills, which is equal to the prior year's rate. However, it will generate \$4.8 million less than the prior year. 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 2011 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 \$62.8 million, a decrease of 2% over the budget for fiscal year 2010 and is primarily targeted at maintenance of services to children and families.

Operating grant revenue and contributions decreased from \$1,318,758 to \$913,379 as a result of the loss of the federal Americorp grant.

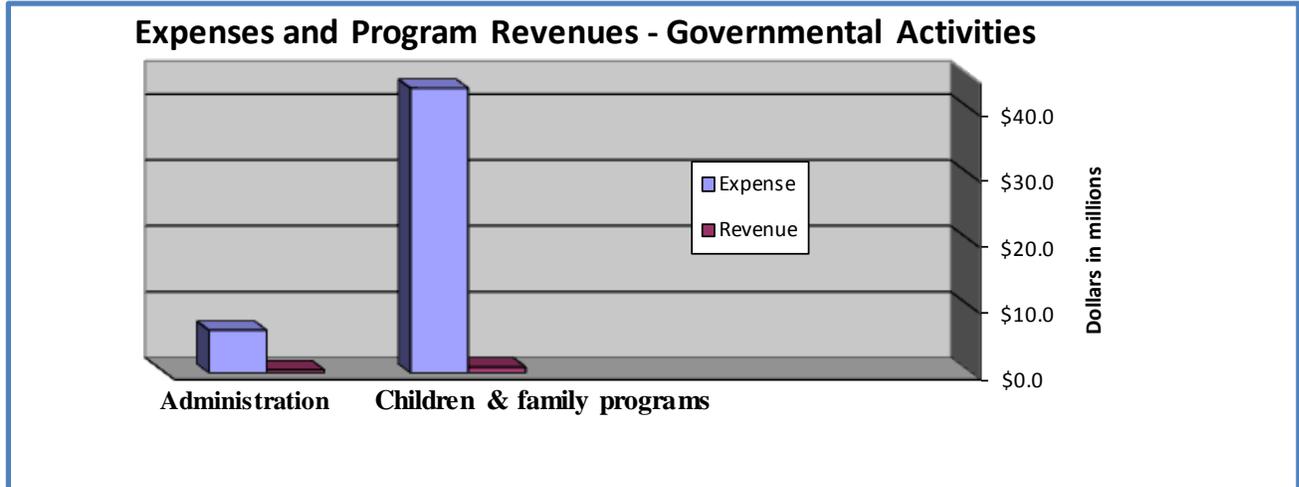
JWB experienced a decrease in investment yield from \$210,834 to \$194,987 due to stagnant investment rates and less revenue for investment purposes.



Property Taxes remain the main revenue source for JWB. Other sources of revenue, as shown, provide a small support for the governmental activities. Expense along with these other revenue sources are presented in the chart below. The total expense of governmental activities increased by \$1,612,269 from the prior year. The increase is due to new focus areas in JWB's investment in children and family program services.

JUVENILE WELFARE BOARD
Management's Discussion and Analysis (continued)

September 30, 2011
(Unaudited)



Business-type activities. Net assets of business-type activities were closed and transferred to the general fund. There were no Revenues due to the result of the Pinellas Park building being vacated in anticipation of its sale. Expenses at the Pinellas Park building were \$221,162 due to maintaining minimal building operation without tenants. The building was sold in March 2011.

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 14, reports the general fund, which is the primary operating fund of JWB. It accounts for all governmental financial resources. It includes the PCMS not-for-profit blended component unit. At the end of fiscal year 2011, JWB's general fund balance was \$15.8 million (a decrease of \$2,795,979 or approximately 15%). Fund balance consists of commitments in the amount of \$6,010,539, assigned fund balance of \$441,509, and \$9,212,759 unassigned.

The Statement of Revenues, Expenditures, and Changes in Fund Balance, which is found on page 16, reflects the excess of expenditures over revenues. The net decrease of \$2,795,979 in excess expenditures over revenues is due to continued loss in property value revenue but the stabilization of children's services through the use of the JWB committed fund balance.

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 total net assets of the Pinellas Park building fund have been closed and transferred to the general fund due to sale of the building. Dollars available to the general fund from the sale of the building will be used to fund

JUVENILE WELFARE BOARD
Management's Discussion and Analysis (continued)

September 30, 2011
(Unaudited)

future services to children and families. A transfer of \$1,623,407 was completed from the Pinellas Park Building to the General Fund.

General Fund Budget Highlights

The JWB Board revised the budget of the General Fund during the year for an overall increase in appropriations of \$355,126. This increase was completed by Board Actions during the fiscal year. A Pinellas County Department of Health grant of \$57,307 for the Health and Human Services Coordinating Council (HHSCC) program (administered under JWB) was accepted to facilitate and coordinate the development of health information systems in support of uninsured health care. JWB administration received \$55,819 for evaluation of a 21st Century Grant program and \$242,000 of in-kind broadcast air time was donated by Bright House Networks in support of televising children and family program communications.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual, which is found on page 33, reflects actual budget variances which are approximately \$12 million less than the final budget amounts. The revenue variance of \$145,996 is primarily due to local and federal grants which were never realized. The expenditure variance of approximately \$12 million includes a 2.8% lapse in administrative operations which resulted from continued adherence to a constrained budget. The children and family programs lapse includes \$4.4 million in agency services. This amount occurred partially 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 \$7.8 million non-operating budget variance is due to a program stabilization reserve of \$7.8 million approved by the Board of Directors that is contained in the budget to be applied toward future year budgets. This program stabilization reserve does not meet the criteria of GASB 54 to be recorded as such in the accompanying financial statements.

JWB funded children's services for 33 agencies and 58 programs in the amount of \$43 million. JWB also received \$129,610 from the Pinellas County Board of County Commissioners for the collaboration of operation of the Health and Human Services Coordinating Council.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. JWB's investment in capital assets for the governmental and business-type activities is \$3.9 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>	
	2011	2010	2011	2010	2011	2010
Land	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0
Buildings and improvements	—	—	—	—	—	0
Capital lease - Equipment	59,665	34,657	—	—	59,665	34,657
Capital lease - St. Petersburg College	3,538,973	3,633,979	—	—	3,538,973	3,633,979
Furniture, fixtures, and equipment	251,889	259,454	—	—	251,889	259,454
Total	<u>\$ 3,850,527</u>	<u>\$ 3,928,090</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,850,527</u>	<u>\$ 3,928,090</u>

Governmental activities. JWB's capital technology expenditures in fiscal 2011 included costs for computer hardware and software along with capital leases for five copier machines. The increase occurred from the purchase of updated equipment.

JUVENILE WELFARE BOARD
Management's Discussion and Analysis (continued)

September 30, 2011
(Unaudited)

Business-type activities. The Pinellas Park land and building were sold in March 2011.

Long-term liability administration. This detail can be found in Note 8 on page 30. JWB's long-term obligations include accrued vacation and sick leave pay as well as several small leases payable for copier equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The guiding principle for the fiscal year 2011 effort was to continue to focus on the three year budget projection stabilization which was initiated in fiscal year 2009. The Board's overall goal has been to protect the most vulnerable children from service disruption, while responding to a recessionary climate and severe declines in property values over a three-year period. The savings from the 2009 reduction plus fund balance dollars earmarked as a Program Stabilization Reserve will mitigate against further reductions in services to children. The goal was to stabilize the program portfolio over the three years and have no further reductions in children's services through FY 2012.

The total impact of continued property value reductions estimated over the next two years will result in a decrease in the JWB budget. The JWB Program Stability Fund will be reduced from its original amount of \$18 million to \$4 million. This revenue decrease is concomitant with severe economic factors that are impacting at-risk families, resulting in large and growing populations of homeless families and children in the child welfare system, plus a burgeoning wait list for subsidized child care. In addition, Florida is now known as the "epicenter" of prescription drug abuse. Doctors in Florida prescribe 10 times more oxycodone pills than every other state in the country. This will result in further family destabilization. JWB is implementing a number of efforts in partnership with community stakeholders to respond to these issues and to seek even greater efficiencies in service delivery.

JWB strives to continue to produce data sharing agreements with "indicator systems" in Pinellas County. These entities assist in measuring a child's well-being during and after JWB services. Collaborations with the Sixth Judicial Circuit Court, the School System, Eckerd Community Alternatives (ECA), the Early Learning Coalition, and some JWB providers have made great strides toward an objective measuring system for children served by JWB.

The current property tax valuation for fiscal year 2012 is \$55 billion which is an overall decrease of 5%. With no increase in millage rate, JWB would realize a decrease of \$2 million in tax revenue from the prior year. The Board adopted a fiscal year 2012 budget with an increased millage rate based on the rolled-back rate. This will provide 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 58th Street North, Clearwater, FL 33760 or visit our website at: www.jwbpinellas.org

JUVENILE WELFARE BOARD OF PINELLAS COUNTY
Statement of Net Assets
September 30, 2011
(with comparative summarized financial information for 2010)

Assets	Primary government			Primary
	Governmental activities	Business-type activities	2011 Total	Government 2010 Total
Cash	\$ 1,270,701	\$ —	\$ 1,270,701	\$ 8,793,695
Investments	15,927,384	—	15,927,384	13,477,899
Due from other governments	987,312	—	987,312	625,701
Due from other agencies	82,513	—	82,513	36,238
Receivables	30,794	—	30,794	2,448
Other assets	66,428	—	66,428	28,355
Notes Receivable:				
Due within one year	441,925	—	441,925	—
Due in more than one year	1,493,562	—	1,493,562	—
Capital assets, net of accumulated depreciation	3,850,527	—	3,850,527	3,928,090
Assets held for sale	—	—	—	1,402,266
Total assets	24,151,146	—	24,151,146	28,294,692
Liabilities				
Payable to Agencies	3,616,874	—	3,616,874	4,397,501
Accounts payable	666,992	—	666,992	255,848
Other payables	6,505	—	6,505	1,774
Accrued salary and benefits	169,133	—	169,133	163,157
Unearned revenue	—	—	—	1,000
Long-term liabilities:				
Due within one year	49,477	—	49,477	61,598
Due in more than one year	390,760	—	390,760	314,693
Total liabilities	4,899,741	—	4,899,741	5,195,571
Net Assets				
Invested in capital assets, net of related debt	3,789,683	—	3,789,683	3,892,400
Unrestricted	15,461,722	—	15,461,722	19,206,721
Total net assets	\$ 19,251,405	\$ —	\$ 19,251,405	\$ 23,099,121

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, 2011

(with comparative summarized financial information for 2010)

Functions/programs	Expenses	Program revenues		2011			2010
		Charges for services	Operating grants and contributions	Net (expense) revenue and changes in net assets			Net (expense) revenue and changes in net assets
				Primary government			
				Governmental activities	Business-type activities	Total	Primary Government
Primary government:							
Governmental activities:							
Administration	\$ 6,293,417	\$ 34,618	\$ —	\$ (6,258,799)	\$ —	\$ (6,258,799)	\$ (6,154,491)
Children and family programs	43,486,273	—	1,171,626	(42,314,647)	—	(42,314,647)	(40,686,695)
Total governmental activities	<u>49,779,690</u>	<u>34,618</u>	<u>1,171,626</u>	<u>(48,573,446)</u>	<u>—</u>	<u>(48,573,446)</u>	<u>(46,841,186)</u>
Business-type activities:							
Pinellas Park Building	221,162	—	—	—	(221,162)	(221,162)	(150,364)
Total business-type activities	<u>221,162</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(221,162)</u>	<u>(221,162)</u>	<u>(150,364)</u>
Total primary government	<u>\$ 50,000,852</u>	<u>34,618</u>	<u>1,171,626</u>	<u>(48,573,446)</u>	<u>(221,162)</u>	<u>(48,794,608)</u>	<u>(46,991,550)</u>
General revenues:							
Property taxes				43,852,676	—	43,852,676	48,489,843
Investment income, net				194,987	—	194,987	210,834
Miscellaneous				560	—	560	160,979
Special item - gain on sale of building				—	934,341	934,341	—
Transfers:							
Transfers to other funds				1,623,407	(1,623,407)	—	—
Transfers to other agencies				—	—	—	(104,588)
Transfer to other governmental agency				(35,672)	—	(35,672)	—
Total general revenues, special item and transfers				<u>45,635,958</u>	<u>(689,066)</u>	<u>44,946,892</u>	<u>48,757,068</u>
Change in net assets				<u>(2,937,488)</u>	<u>(910,228)</u>	<u>(3,847,716)</u>	<u>1,765,518</u>
Net assets – beginning of year, as restated				<u>22,188,893</u>	<u>910,228</u>	<u>23,099,121</u>	<u>21,333,603</u>
Net assets – end of year				<u>\$ 19,251,405</u>	<u>\$ —</u>	<u>\$ 19,251,405</u>	<u>\$ 23,099,121</u>

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

JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Balance Sheet – General Fund

September 30, 2011

(with comparative financial information for 2010)

Assets	2011	2010
	2011	2010
Cash	\$ 1,270,701	\$ 8,793,695
Investments	15,927,384	13,477,899
Due from other governments	987,312	625,701
Due from other agencies	82,513	36,238
Receivables	30,794	2,448
Due from other funds	66,428	492,038
Other assets	—	28,355
Notes Receivable:		
Due within one year	441,925	
Due in more than one year	1,493,562	
Total assets	\$ 20,300,619	\$ 23,456,374
 Liabilities and Fund Balance		
Liabilities:		
Payable to Agencies	\$ 3,616,874	\$ 4,397,501
Accounts payable	666,992	255,848
Other payables	6,505	1,774
Accrued salary and benefits	169,133	163,157
Deferred revenue	—	1,000
Total liabilities	4,459,504	4,819,280
Fund balance:		
Committed for future years' expenditures	6,010,539	9,101,569
Assigned for sick leave pool	20,675	41,120
Assigned for disability benefits	420,834	420,344
Unassigned	9,389,067	9,074,061
Total fund balance	15,841,115	18,637,094
Total liabilities and fund balance	\$ 20,300,619	\$ 23,456,374

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

JUVENILE WELFARE BOARD OF PINELLAS COUNTY

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

September 30, 2011

(with comparative financial information for 2010)

	<u>2011</u>	<u>2010</u>
Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balance – governmental fund	\$ 15,841,115	\$ 18,637,094
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	3,850,527	3,928,090
Some long-term liabilities that are not due and payable in the current period activities consist of:		
Capital leases	(60,844)	(35,690)
Other non-current liabilities		
Compensated absences	<u>(379,393)</u>	<u>(340,601)</u>
Net assets of governmental activities	<u>\$ 19,251,405</u>	<u>\$ 22,188,893</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 – General Fund

Year ended September 30, 2011

(with comparative financial information for 2010)

	<u>2011</u>	<u>2010</u>
Revenues:		
Property taxes, net of fees	\$ 43,852,676	\$ 48,489,843
Fees	34,618	43,149
Intergovernmental	847,560	432,124
Grant and contribution revenue	324,066	886,634
Investment income, net	194,987	210,834
Other	560	160,979
	<u>45,254,467</u>	<u>50,223,563</u>
Expenditures:		
Administration	6,066,389	6,003,666
Children and family programs	43,486,273	42,005,453
Capital outlay	121,191	124,983
	<u>49,673,853</u>	<u>48,134,102</u>
Excess of Revenues over expenditures	<u>(4,419,386)</u>	<u>2,089,461</u>
Other Financing Sources		
Transfer of Pinellas Park Building Fund	1,623,407	—
Capital lease	—	21,424
	<u>1,623,407</u>	<u>21,424</u>
Excess of revenues over expenditures and other sources	<u>(2,795,979)</u>	<u>2,110,885</u>
Fund balance – beginning of year, as restated	<u>18,637,094</u>	<u>16,526,209</u>
Fund balance – end of year	<u>\$ 15,841,115</u>	<u>\$ 18,637,094</u>

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 Fund to the Statement of Activities
Year ended September 30, 2011
(with comparative financial information for 2010)

	<u>2011</u>	<u>2010</u>
Amounts reported for governmental activities in the statement		
of net assets are different because:		
Net change in fund balance	\$ (2,795,979)	\$ 2,110,885
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	205,583	162,279
Capital asset transfer	(67,706)	(91,155)
Depreciation expense	(215,440)	(253,631)
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.	(53,411)	(21,424)
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	(38,792)	(20,993)
Lease expense	28,257	16,507
Other non-current liabilities	—	39,166
Change in net assets in governmental activities	<u>\$ (2,937,488)</u>	<u>\$ 1,941,634</u>

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

JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Statement of Net Assets – Enterprise Funds

Year ended September 30, 2011

(with comparative financial information for 2010)

	<u>2011</u>	<u>2010</u>
Assets		
Noncurrent assets:		
Land and improvements	\$ —	—
Building and improvements	—	—
Furniture, fixtures, and equipment	—	—
Accumulated depreciation	—	—
Assets held for sale	—	1,402,266
Total assets	<u>—</u>	<u>1,402,266</u>
Liabilities		
Current liabilities:		
Accrued liabilities	—	—
Due to other funds	—	492,038
Noncurrent liabilities:		
Accrued absences	—	—
Total liabilities	<u>—</u>	<u>492,038</u>
Net assets		
Investment in capital assets	—	—
Unrestricted net assets (deficit)	—	910,228
Total net assets	<u>\$ —</u>	<u>910,228</u>

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

JUVENILE WELFARE BOARD OF PINELLAS COUNTY
Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Enterprise Funds
Year ended September 30, 2011
(with comparative financial information for 2010)

	2011	2010
Operating revenues:		
Charges for services	\$ —	\$ —
Total operating revenue	—	—
Operating expenses:		
Personnel services	8,588	18,265
Contractual services	101,860	25,624
Utilities	98,235	75,109
Supplies	10,497	2,167
Repairs and maintenance	1,486	22,480
Other operating expenses	496	839
Depreciation	—	5,880
Total operating expenses	221,162	150,364
Operating loss	(221,162)	(150,364)
<i>Special Item</i> : gain on sale of building	934,341	—
Transfer to other funds	—	(25,752)
Transfer to other governmental agency	(1,623,407)	—
Change in net assets	(910,228)	(176,116)
Net assets – beginning of year	910,228	1,086,344
Net assets – end of year	\$ —	\$ 910,228

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

JUVENILE WELFARE BOARD OF PINELLAS COUNTY

Statement of Cash Flows – Enterprise Funds

Year ended September 30, 2011

(with comparative summarized financial information for 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from customers	\$ —	\$ —
Payments to vendors	(212,574)	(126,219)
Payments to employees	(8,588)	(35,936)
Receipts/payments to other funds	<u>(492,038)</u>	<u>187,907</u>
Net cash provided by operating activities	<u>(713,200)</u>	<u>25,752</u>
Cash flows from noncapital financing activities:		
Transfers out to other funds	492,038	(25,752)
Transfers out to other governmental agency	—	—
Net cash used in noncapital financing activities	<u>492,038</u>	<u>(25,752)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	—	—
Proceeds from sale of building	<u>934,341</u>	<u>—</u>
Net cash used in capital and related financing activities	<u>934,341</u>	<u>—</u>
Net change in cash	<u>713,179</u>	<u>—</u>
Cash – beginning of year	<u>—</u>	<u>—</u>
Cash – end of year	\$ <u><u>713,179</u></u>	\$ <u><u>—</u></u>
Reconciliation of operating loss		
to net cash provided by operating activities:		
Cash flows from operating activities:		
Operating loss	\$ <u>(221,162)</u>	\$ <u>(150,364)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	—	5,880
Decrease (increase) in due from other agencies/governments	—	—
Increase (decrease) in accrued liabilities	—	(1,284)
Increase (decrease) in deferred revenue	—	—
Increase (decrease) in accrued absences	—	(16,387)
Increase in due to other funds	(492,038)	187,907
Decrease in due from other funds	—	—
Total adjustments	<u>(492,038)</u>	<u>176,116</u>
Net cash provided by operating activities	\$ <u><u>(713,200)</u></u>	\$ <u><u>25,752</u></u>

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

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

(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.

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 Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which JWB is financially accountable and other organizations for which the nature and significance of their relationship with JWB are such that exclusion would cause JWB's financial statements to be misleading or incomplete.

Based on the application of these criteria, the following component unit is included within JWB's reporting entity:

Blended component unit: Pinellas Core Management Services ("PCMS") is a 501(c)(3) organization of which JWB has control. Separate financial statements for PCMS are not published.

(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.

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

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. On January 1, 2010, JWB became the governing board of PCMS, a 501(c) 3 not-for-profit entity. Certain functions that were performed by PCMS prior to January 1, 2010 are now performed internally by JWB. The primary mission of PCMS is to apply for federal, state and local grants on behalf of child and family serving agencies in the community. Based on the application of GASB Statement No.14, "The Financial Reporting Entity", with respect to the determination of component units, PCMS has been included within JWB's General Fund as a blended component unit. 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 reports the following major enterprise fund:

Pinellas Park Building - The Pinellas Park building was sold in March 2011. Dollars transferred to the general fund will be used to support future services to children and families.

(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.

(d) Budget Process and Legal Compliance

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

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

- 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 \$57,307 during fiscal 2011.

(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 consist of non-depository accounts (money market accounts, investments with original maturities of 3 months or less) and amounts placed with the State Board of Administration (SBA) for participation in Florida PRIME and the Fund B Surplus Funds Trust Fund (Fund B) investment pools created by Section 218.405 and 218.407, Florida Statutes.

JWB's investments in Florida PRIME, which SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2011, 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.

JWB's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.7568386 at September 30, 2011. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by SBA, are effected by transferring eligible

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

cash or securities to Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within Florida PRIME.

(g) Capital Assets

Capital assets include property and equipment and are reported in the governmental and business-type activities of the government-wide financial statements and the enterprise fund financial statements. Such assets are capitalized at cost where historical records are available and at an estimated historical cost where no historical records exist. Gifts or contributions are recorded at estimated fair value at the date of donation.

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

<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. 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.

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

(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.

(3) *Cash and Cash Equivalents*

The bank and book balances were as follows at September 30, 2011:

Deposits with commercial banks (book balance)	\$	848,315
Petty cash		<u>700</u>
Book balance	\$	<u>849,015</u>
Bank balance of deposits in commercial banks	\$	<u>1,034,025</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 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, 2011, JWB had the following investments:

	<u>Fair Value</u>	<u>Percentage</u>
Money market fund	\$ 15,790,059	96%
Florida State Board of Administration (PRIME)	334,332	2%
Florida State Board of Administration (Fund B)	<u>224,678</u>	2%
Total	\$ <u>16,349,069</u>	

At September 30, 2011, JWB investments include short term investments in two money market accounts. The funds' yield rates as of that date were .50% and .40% respectively.

At fiscal year-end, JWB had \$559,010 invested in the SBA. Within the local government investment pool, 60% is entitled Florida PRIME and 40% is in the Fund B Surplus Funds Trust Fund (Fund B).

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

The PRIME fund's yield rate as of that date was .24%. Fund B pays no interest in lieu of recovering its losses.

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. 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.

The Florida PRIME is rated by Standard and Poors. The current rating is AAAM. Fund B is unrated.

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.

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2011, is 38 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

The weighted average life (WAL) (based on expected future cash flows) of Fund B at September 30, 2011, is estimated at 4.82 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

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, 2011, 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. At fiscal year end, there were no interfund receivables and payables.

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>
Pinellas Park Building – transfer assets	1,623,407
	<u>\$ 1,623,407</u>

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

(6) 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 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 is being amortized over the life of the leasehold improvements which is approximately forty years.

Capital asset activity for the year ended September 30, 2011 was as follows:

	Governmental Activities			
	October 1, 2010	Additions and Transfers In	Disposals and Transfers Out	September 30, 2011
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 752,945	\$ 152,172	\$ 106,546	\$ 798,571
Capital lease-equipment	75,085	53,411	49,467	79,029
Capital lease-St. Petersburg College	3,800,240	—	—	3,800,240
Total capital assets	4,628,270	205,583	156,013	4,677,840
Less accumulated depreciation:				
Furniture, fixtures, and equipment	493,491	93,084	39,893	546,682
Capital lease-equipment	40,428	27,350	48,414	19,364
Capital lease-St. Petersburg College	166,261	95,006	—	261,267
Total accumulated depreciation	700,180	215,440	88,307	827,313
Capital assets, net	\$ 3,928,090	\$ (9,857)	\$ 67,706	\$ 3,850,527

Depreciation was charged to the following functions:

General government	
Administration	\$ <u>215,440</u>

(7) 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.

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

The following is a schedule of changes in long-term liabilities for fiscal year ended September 30, 2011.

	Beginning			Ending	Due in
<u>Compensated absences</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>one year</u>
Governmental Fund	340,601	65,444	26,652	379,393	36,403

	Beginning			Ending	Due in
<u>Capital Leases - Equipment</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>one year</u>
Governmental Fund	35,690	53,411	28,257	60,844	11,097

(8) *Employee Retirement Plan*

All Juvenile Welfare Board employees are eligible to participate in the State of Florida Retirement System (the "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. Effective, July 1, 2011, FRS members must contribute 3% of their salary as retirement contributions, on a pre-tax basis. The employer contributions based on employee salaries are as follows: regular employees 4.91%, special risk employees 14.10%, elected officials 11.14%, senior management 6.27% and Deferred Retirement Option Program (DROP) employees 4.45%. JWB is required to contribute an actuarially determined rate. The actuarially determined contributions required and made by JWB for the years ending September 30, 2011, 2010, and 2009 were \$378,175, \$360,602, and \$406,785, 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.

Effective July 1, 1998, the System instituted the 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.

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

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, 2010. 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.

(9) *Fund Balance*

The JWB fund balance consists of three categories. **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.

(a) *Committed for Future Year's Expenditures*

The fiscal 2011 Budget Resolution appropriated the amount of \$6,010,539 from the fiscal 2011 year fund balance for expenditures authorized in excess of anticipated revenue during fiscal year 2012.

(b) *Assigned for Disability Benefit*

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.

(c) *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.

(10) *Property Tax Revenue*

JWB is a special taxing district, which is authorized to levy an ad valorem tax. The millage rate shall not exceed \$1.00 for each \$1,000 of assessed valuation of all properties within Pinellas County. For the year ended September 30, 2011, 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.

JUVENILE WELFARE BOARD

Notes to Financial Statements

September 30, 2011

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

(11) 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 9b.

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, 2011

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget positive (negative)
Revenues:				
Property taxes	\$ 43,649,436	\$ 43,649,436	\$ 43,852,676	\$ 203,240
Fees	25,000	25,000	34,618	9,618
Intergovernmental	448,355	1,265,708	847,560	(418,148)
Grant and contribution revenue	772,545	65,819	65,819	—
Investment income, net	150,000	150,000	194,987	44,987
Other	—	244,500	258,807	14,307
	<u>45,045,336</u>	<u>45,400,463</u>	<u>45,254,467</u>	<u>(145,996)</u>
Expenditures:				
Current:				
Administration	6,110,618	6,243,047	5,856,169	386,878
Children and family programs	47,686,022	47,879,586	43,486,273	4,393,313
Nonoperating	8,131,371	8,039,314	210,220	7,829,094
Capital outlay	—	121,191	121,191	—
	<u>61,928,011</u>	<u>62,283,138</u>	<u>49,673,853</u>	<u>12,609,285</u>
Net change in fund balance	\$ <u><u>(16,882,675)</u></u>	\$ <u><u>(16,882,675)</u></u>	\$ <u><u>(4,419,386)</u></u>	\$ <u><u>12,463,289</u></u>
Other Financing Sources				
Transfer of Pinellas Park Building Fund			1,623,407	
Capital lease			—	
Excess of revenues over expenditures and other sources			(2,795,979)	
Fund balance – beginning of year, as restated			<u>18,637,094</u>	
Fund balance – end of year			\$ <u><u>15,841,115</u></u>	

**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:

To be provided by auditors upon completion of review of work papers.

Independent Certified Public Accountants Management Letter

Members of the Board
Juvenile Welfare Board of Pinellas County:

To be provided by auditors upon completion of review of work papers.