



## **JUVENILE WELFARE BOARD**

### **FINANCIAL STATEMENTS AND COMPLIANCE REPORTS**

*As of and for the Year Ended September 30, 2014*

*And Reports of Independent Auditor*

# JUVENILE WELFARE BOARD

## TABLE OF CONTENTS

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<b>REPORT OF INDEPENDENT AUDITOR .....</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	<b>3</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	15
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....	16
Notes to the Financial Statements .....	17
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual General Fund (Budgetary Basis) .....	31
<b>COMPLIANCE REPORTS</b>	
Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	32
Independent Auditor's Management Letter .....	34
Report of Independent Accountant on an Examination Conducted in Accordance with <i>AICPA Professional Standards</i> , Section 601 .....	36

## **Report of Independent Auditor**

Members of the Board  
Juvenile Welfare Board of Pinellas County

### **Report on the Financial Statements**

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, 2014, and the related notes in the financial statements, which collectively comprise JWB’s basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, 2014 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Prior Year Comparative Information*

We have previously audited JWB's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the general fund, and the aggregate remaining fund information in our report dated January 23, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Required Supplementary Information*

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 31 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015, 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* in considering JWB's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida  
January 27, 2015

# **JUVENILE WELFARE BOARD**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*SEPTEMBER 30, 2014*  
*(UNAUDITED)*

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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, 2014 and 2013. Please read it in conjunction with the financial statements which begin on page 11.

### **FINANCIAL HIGHLIGHTS**

JWB's total net position increased by \$2,760,599 (or 15%). 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 Notes 1 and 2 to the financial statements for further discussion. PCMS totals only 0.7% of net position.

The JWB's governmental activities total expenses of \$65,794,685 reflected an increase over the prior year by \$11,326,723 (or 21%). The total revenue increased by \$14,912,378 (or 28%). This is primarily due to a partnership with All Children's Hospital and Bayfront Medical Center for the opportunity to attract additional Medicaid funding for at risk children and families and an increase in ad valorem tax revenue. PCMS revenue for the year totals 0.01% of total governmental revenues and expenses make up 1.6% of total governmental expenses.

The General Fund realized a net increase of \$2,770,647. Although revenues increased over the prior year, JWB planned for expenses that would be stabilized by use of the fund balance. The Special Revenue Fund – PCMS experienced a net decrease of \$10,335 resulting from general operating expense.

The General Fund expenditures budget was unspent by \$11,058,548. This lapse resulted from \$1M in administration and technology, \$4.2M in children and families programming, \$2.9M in new initiatives which were not implemented, \$2M in Intergovernmental Transfer program which was not contracted during the year and \$1M that was transferred to PCMS for children and family program grants administered by the not-for-profit entity.

The Vision of the Juvenile Welfare Board is that children and families in Pinellas County will have a future of more successful and satisfying lives because of the efforts of JWB and its partners. JWB has identified and invests annually in three strategic focus areas. During the year ended September 30, 2014, agency-partner investments included \$6,206,881 direct and \$974,125 transferred in School Readiness, \$14,532,905 in School Success and \$18,802,726 for the Prevention of Child Abuse and Neglect.

### **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 is one category included which is the governmental activities. All of JWB's basic services are considered to be governmental activities, including administration and services to children and families. Property tax finances most of these activities.

# JUVENILE WELFARE BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014  
(UNAUDITED)

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The *Statement of Net Position* presents information on JWB's assets and liabilities, with the difference between the two being reported as net position. Over time, changes in net position (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 position 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 position and the changes thereof.

Over the last six 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 impacts have hindered the recovery of the Ad Valorem revenue necessary for recurring General Fund expenditures. The Board anticipated the impact to programs and, in 2008, directed staff to create a program stability fund to manage the orderly reduction of programs over a multi-year process, avoiding a sudden precipitous cut which would have resulted in children being abruptly terminated from services. In FY 12/13, the Board agreed to continue this strategy for maintenance of programs and passed a three-year budget framework, providing for a stable millage rate and elimination of the program stability fund by FY 15/16.

The value of Pinellas County property values increased by 3.38% for FY 13/14. The .8981 millage rate adopted last year and maintained this year yielded \$48,755,050 in total ad valorem revenues, a slight increase of \$1,533,835. The projected gap between revenues and expenditures is approximately \$6.3M for the fiscal year 13/14 budget and is covered by the program stability fund.

JWB has historically derived nearly all of its revenues from property taxes, but over the last several years, revenue maximization efforts have diversified the base. The Intergovernmental Transfer Program (IGT) maintained \$5.3M in the original budget in FY13/14 but was amended during the year to a total of \$21.4M.

### **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. 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.

**JUVENILE WELFARE BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2014  
 (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 Position compared to the prior year. As of September 30, 2014, assets exceeded liabilities by \$21.2 million. This is an increase of \$2,760,599 over the prior year.

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 22,176,870	\$ 20,782,545
Capital assets	3,584,747	3,785,604
Total assets	<u>25,761,617</u>	<u>24,568,149</u>
Other liabilities	4,155,522	5,573,381
Long-term liabilities	353,611	502,883
Total liabilities	<u>4,509,133</u>	<u>6,076,264</u>
Net position		
Net investment in capital assets	3,550,339	3,621,188
Unrestricted	17,702,145	14,870,697
Total net position	<u>\$ 21,252,484</u>	<u>\$ 18,491,885</u>

**JUVENILE WELFARE BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2014  
(UNAUDITED)

Current and other assets increased by \$1,394,325 in 2014 due to an increase in investments from increased ad valorem revenue and intergovernmental transfer revenue. However, receivables decreased due to the loss of the Carrera grant and also because of the reduction in note receivable from St. Petersburg College based on the payments received during the year. The net investment in capital assets (land, buildings, furniture and equipment) represents 17% of JWB's total net position. Capital assets decreased due to fewer additions than removals of furniture, equipment and building improvements, net of depreciation for the period. Total liabilities decreased by \$1,567,131 due to a decrease in accounts payable and payroll accruals at year end. A reduction also occurred in the long-term portion of accrued absences and copier leases. Investments in capital is \$73,333 less than the prior year. It is reduced by leases payable and also includes the retirement of equipment. The Unrestricted net position increased by 19% from prior fiscal year. This represents an increase from ad valorem and intergovernmental revenue and less expense during the fiscal year.

The following schedule reflects the condensed Statement of Activities compared to the prior year. As of September 30, 2014, revenues exceeded expenses by \$2,760,599, an increase of \$3,585,655 over the prior year.

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 94,955	\$ 95,270
Operating grants and contributions	20,759,151	7,161,914
General revenues:		
Property taxes	47,635,245	46,176,320
Investment income	49,253	93,229
Miscellaneous	16,680	116,173
Total revenues	<u>68,555,284</u>	<u>53,642,906</u>
<b>Expenses:</b>		
Administration	7,315,695	6,972,395
Children & family programs	58,478,990	47,495,567
Total expenses	<u>65,794,685</u>	<u>54,467,962</u>
Increase (decrease) in net position	<u>2,760,599</u>	<u>(825,056)</u>
Net position beginning	18,491,885	19,316,941
Net position ending	<u>\$ 21,252,484</u>	<u>\$ 18,491,885</u>



# JUVENILE WELFARE BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014  
(UNAUDITED)

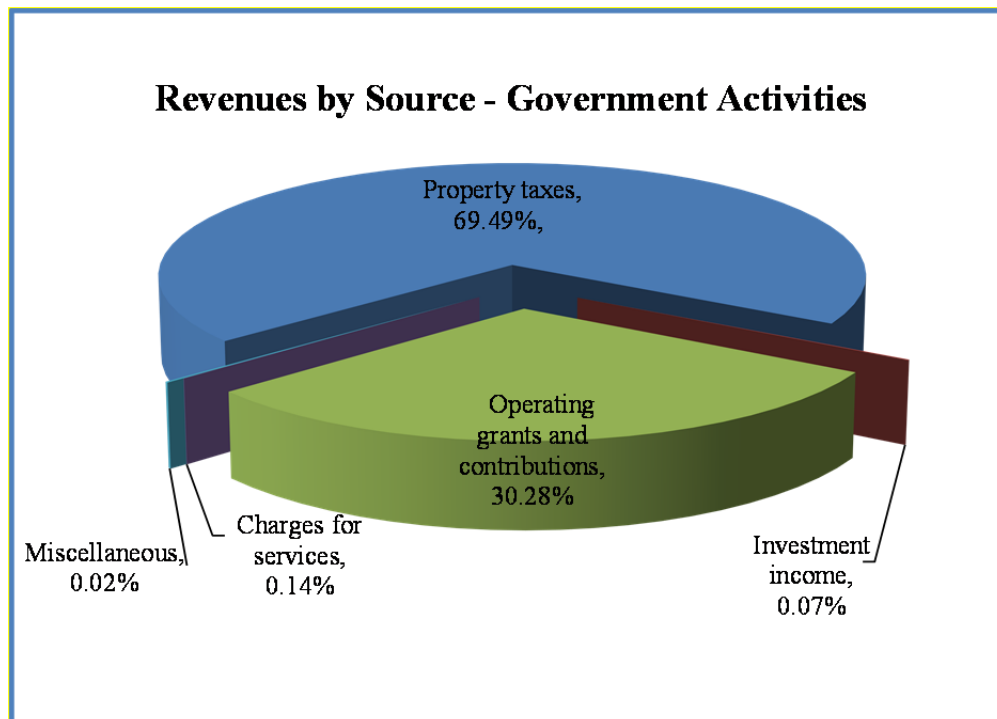
The total revenue for governmental activities increased by \$14,912,378 (or 28%) from 2013. Property taxes are the main source of income for JWB at 69% of total revenues. Grants and contributions are the next highest source of revenue which included an augmented partnership of \$16M with All Children's Hospital, Bayfront Medical Center, BayCare Health System and Community Health Centers of Pinellas which increased Medicaid dollars for low-income children and families. Total expenses increased by 21% over the prior year due to new initiatives such as Child Nourishment and Be Water Smart From the Start as well as full implementation of quality early learning from the prior year.

### Governmental activities

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.

The current property tax valuation for fiscal year 2014 was \$56 billion which is an overall increase of 3.38%. Property values have begun to rise after five years of decline.

For fiscal year 2014, the budget reflects a millage rate of .8981 mills, which is a 0% increase over the prior year's rate. The millage rate provides a plan for continuity of services in expectation of a future rise in property value. The overall initial operating budget was \$60.5 million, an increase of 8% over the amended budget for fiscal year 2013. At fiscal year end the amended budget is at \$75.7 million. The majority of the \$15.2 million budget increase is from additional intergovernmental transfer revenue approved by the Board in March.



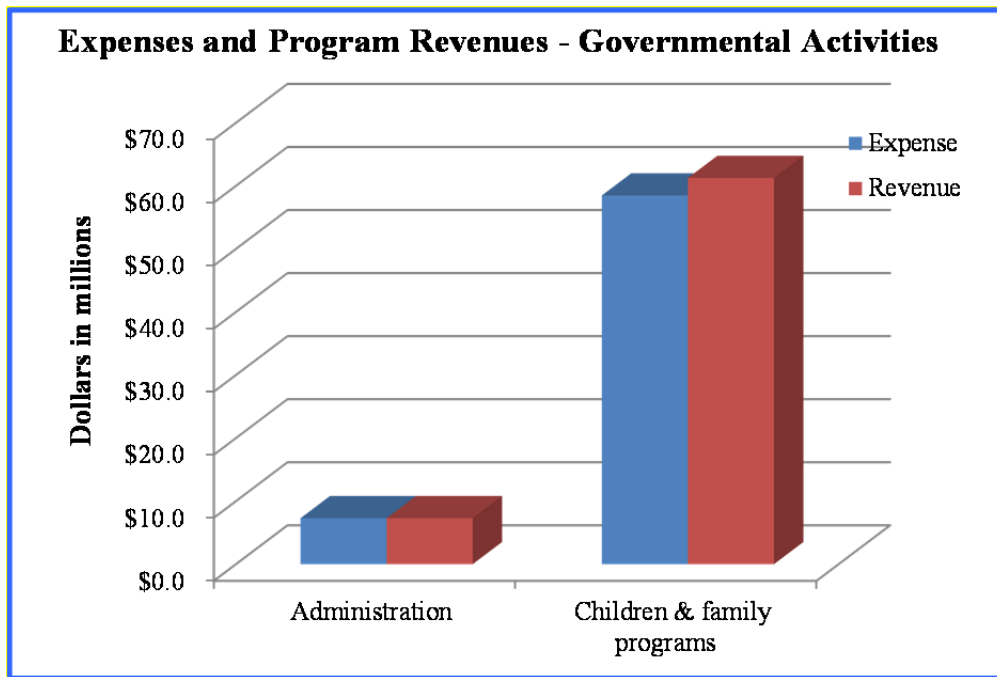
Intergovernmental and grant revenue and contributions increased from \$7 million to \$21 million. JWB administered two small grants and partnered with All Children's Hospital and Bayfront Medical Center in order to attract additional Medicaid funding for at risk children and families.

**JUVENILE WELFARE BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2014  
(UNAUDITED)

JWB investment revenue decreased in yield from \$93,229 to \$49,253, or 47%, due to continued decline in interest rates and the recognition of a loss associated with the close of the Florida Prime Fund B.

The revenue sources along with expense by activity are presented in the chart below.



The total expense of the governmental activities increased by \$11 million over the prior year. This expense growth is associated with the Medicaid program and full implementation of specialized initiatives.

Administrative expense increased by 5% which occurred from personnel and benefit increases. The children and family program expense increased by \$11 million over 2013 in relationship to the Medicaid program and new initiatives. Program revenues increased from the property tax and Medicaid revenues.

**JUVENILE WELFARE BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2014  
 (UNAUDITED)

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

**Budgetary Highlights**

**General fund**

At the end of fiscal year 2014, JWB's general fund balance was \$17.6 million (an increase of \$2,770,647). Revenue exceeded the operating expenses due to delayed initiative implementation and increased intergovernmental contribution revenue. The fund balance consists of non-spendable in the amount of \$671,130, assignments in the amount of \$4,531,720; and \$12,443,941 unassigned. An amount of \$5,057,732 was budgeted to be used from the fund balance. However, postponement of an initiative in Quality Early Learning and program development caused that amount to lapse.

The JWB Board revised the budget of the General Fund during the year for an overall increase in appropriations of \$15,222,570. All modifications were completed by Board Action during the fiscal year. A majority of this change occurred due to an increase in the original projection of intergovernmental transfer for the Medicaid program.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual General Fund (Budgetary Basis), which is found on page 31, reflects actual net change in fund balance of approximately \$8.8 million. The revenue variance of \$2,256,752 is less than the final budget amounts and is primarily due to a reduction in intergovernmental transfer for Medicaid contracts. There is an expenditure variance of \$11,058,548 which includes \$.4 million reduced spending in administrative personnel costs, \$2.1 million contract reduction for Medicaid, \$8.5 million in children and family programs due to program lapse as well as postponement of the quality early learning initiative and program development and a transfer to PCMS for children and family program grants administered through the entity.

**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 FY 2009/10. Increasing revenue activity in FY 2011/12 requires it to be recognized in the special revenue fund. See Note 2 for further discussion. The Special Revenue Fund assigned fund balance at September 30, 2014 is \$147,563. This is a reduction of \$10,335 from the prior year and is incurred due to small 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 activities is \$3.58 million, net of accumulated depreciation. This represents a \$183,939 decrease net of depreciation from September 30, 2014. The chart below includes land, buildings, improvements, and equipment with the accumulated depreciation deducted.

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Capital lease - Equipment	\$ 105,379	\$ 162,853
Capital lease - St. Petersburg College	25,909	31,960
Furniture, fixtures, and equipment	3,453,459	3,590,791
Total	<u>\$ 3,584,747</u>	<u>\$ 3,785,604</u>

# JUVENILE WELFARE BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2014  
(UNAUDITED)

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JWB's capital technology expenditures in fiscal 2014 included costs for computer hardware and software along with capital leases for three copier machines. The decrease occurred from depreciation and the removal of retired equipment as well as a reduction of the value of a lease for building improvements.

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

This detail can be found in Note 8 to the financial statements. 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 BUDGET AND RATES**

With the recession five years behind us, Florida's economy shows several signs of sustained improvement. In Pinellas County, building permits and inspections are demonstrating sustained growth, the real estate market continues to improve and sales tax revenues are showing modest growth.

The FY 14/15 budget is \$68.2 million which is equal to the adopted budget of FY 13/14. Property value increased by 6.54%. At the continued millage rate of .8981, the ad valorem revenue necessary for the operating budget is completely realized. The fund balance is no longer needed for stabilization purposes.

The FY 2014/2015 budget is built on a foundation of strategic planning, performance measurement, program budgeting and five-year forecasting. Developing a multi-year forecast provides decision-makers with at least two key benefits: (1) assessing the long-term financial sustainability of JWB funds and (2) understanding the impact of today's decisions on the future. At the current millage rate and with the assumption of a 2% property value increase, expenditure reductions or revenue increases may be required in FY 2017 or future years to address the structural imbalance. The extent of the changes that are needed depends on the pace of the economy, particularly the real estate market.

The major change in the FY 14/15 budget is the Intergovernmental Transfer Program (IGT). During the years of depressed property valuation, revenue maximization efforts have diversified the revenue base through the IGT. However, donations from the IGT were discontinued in FY 14/15. In 2011, the Florida Legislature voted to expand and intensify the Statewide Medicaid Managed Care and effective July 1, 2014, almost all Florida Medicaid recipients are required to enroll in an HMO or HMO-like plan. During the 2014 session, Legislation was passed that continues IGT funding through June 30, 2015. However, Specific Code of Federal Regulations (CFR) was updated and defined agreements between government and private entities in a different manner than in the prior years. The language necessitates contracting differently with the hospitals and due to this requirement JWB decided not to participate in the IGT Program this year.

### **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**  
**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2014

(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR 2013)

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>	<b>Total</b>	<b>Total</b>
Cash	\$ 14,207,189	\$ 17,334,177
Investments	6,651,259	1,660,780
Due from other governments	476,916	567,231
Due from other agencies	119	201,821
Receivables	4,001	44,237
Other assets	39,178	10,198
Note receivable:		
Due within one year	127,078	124,043
Due in more than one year	671,130	840,058
Capital assets, net of accumulated depreciation	3,584,747	3,785,604
Total assets	<u>25,761,617</u>	<u>24,568,149</u>
<b>LIABILITIES</b>		
Payable to agencies	3,108,891	4,318,755
Accounts payable	639,072	1,012,334
Other payables	114,833	66,595
Unearned revenue	91,650	-
Accrued salary and benefits	201,076	175,697
Long-term liabilities:		
Due within one year	110,380	178,062
Due in more than one year	243,231	324,821
Total liabilities	<u>4,509,133</u>	<u>6,076,264</u>
<b>NET POSITION</b>		
Net Investment in capital assets	3,550,339	3,621,188
Unrestricted	17,702,145	14,870,697
Total net position	<u>\$ 21,252,484</u>	<u>\$ 18,491,885</u>

**JUVENILE WELFARE BOARD**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2014

(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR 2013)

Functions/programs	Expenses	Program revenues		2014	2013
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
				Primary Government	Primary Government
Primary government:					
Governmental activities:					
Administration	\$ 7,315,695	\$ 94,955	\$ -	\$ (7,220,740)	\$ (6,877,125)
Children and family programs	58,478,990	-	20,759,151	(37,719,839)	(40,333,653)
Total primary government	<u>\$ 65,794,685</u>	<u>\$ 94,955</u>	<u>\$ 20,759,151</u>	<u>\$ (44,940,579)</u>	<u>\$ (47,210,778)</u>
General revenues:					
Property taxes				47,635,245	46,176,320
Investment income, net				49,253	93,229
Miscellaneous				16,680	116,173
Total general revenues				<u>47,701,178</u>	<u>46,385,722</u>
Change in net position				2,760,599	(825,056)
Net position – beginning of year				18,491,885	19,316,941
Net position – end of year				<u>\$ 21,252,484</u>	<u>\$ 18,491,885</u>

**JUVENILE WELFARE BOARD**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2014

(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR 2013)

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>2014</u>	<u>2013</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		
<b>ASSETS</b>				
Cash	\$ 14,038,017	\$ 169,172	\$ 14,207,189	\$ 17,334,177
Investments	6,651,259	-	6,651,259	1,660,780
Due from other governments	249,922	-	249,922	392,109
Due from other agencies	119	-	119	201,821
Receivables	3,655	346	4,001	44,237
Other receivables	39,178	-	39,178	10,198
Due from other funds	(1,402)	1,402	-	-
Notes receivable:				
Due within one year	127,078	-	127,078	124,043
Due in more than one year	671,130	-	671,130	840,058
Total assets	<u>\$ 21,778,956</u>	<u>\$ 170,920</u>	<u>\$ 21,949,876</u>	<u>\$ 20,607,423</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Payable to agencies	\$ 3,108,546	\$ 345	\$ 3,108,891	\$ 1,012,334
Accounts payable	639,072	-	639,072	4,351,743
Other payables	91,821	23,012	114,833	33,607
Unearned revenue	91,650	-	91,650	-
Accrued salary and benefits	201,076	-	201,076	175,697
Total liabilities	<u>4,132,165</u>	<u>23,357</u>	<u>4,155,522</u>	<u>5,573,381</u>
Fund balance:				
Non-spendable	671,130	-	671,130	840,058
Assigned	4,531,720	147,563	4,679,283	6,321,070
Unassigned	12,443,941	-	12,443,941	7,872,914
Total fund balance	<u>17,646,791</u>	<u>147,563</u>	<u>17,794,354</u>	<u>15,034,042</u>
Total liabilities and fund balance	<u>\$ 21,778,956</u>	<u>\$ 170,921</u>	<u>\$ 21,949,876</u>	<u>\$ 20,607,423</u>

**JUVENILE WELFARE BOARD****RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION***SEPTEMBER 30, 2014**(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR 2013)*

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	<u>2014</u>	<u>2013</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance – governmental fund	\$ 17,794,354	\$ 15,034,042
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	3,584,747	3,785,604
Accounts receivable shown in governmental activities were not financial resources, therefore, were not reported in the governmental funds	226,994	175,122
Some long-term liabilities that are not due and payable in the current period activities consist of:		
Capital leases	(28,161)	(34,518)
Other non-current liabilities	(6,247)	(129,898)
Compensated absences	(319,203)	(338,467)
Net position of governmental activities	<u>\$ 21,252,484</u>	<u>\$ 18,491,885</u>



**JUVENILE WELFARE BOARD****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2014

(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR 2013)

	General Fund	Special Revenue Fund - PCMS	2014	2013
Revenues:				
Property taxes, net of fees	\$ 47,635,245	\$ -	\$ 47,635,245	\$ 46,176,320
Fees	21,621	-	21,621	21,937
Intergovernmental	1,098,295	-	1,098,295	1,177,669
Grant and contribution revenue	19,614,178	46,678	19,660,856	5,984,244
Investment income, net	48,999	254	49,253	93,229
Other	16,680	-	16,680	116,174
Total revenues	<u>68,435,018</u>	<u>46,932</u>	<u>68,481,950</u>	<u>53,569,573</u>
Expenditures:				
Administration	7,181,036	10,589	7,191,625	6,850,755
Children and family programs	57,458,895	1,020,095	58,478,990	47,495,567
Capital outlay	58,478	-	58,478	19,577
Total expenditures	<u>64,698,409</u>	<u>1,030,684</u>	<u>65,729,093</u>	<u>54,365,899</u>
Excess of revenues over (under) expenditures	<u>3,736,609</u>	<u>(983,752)</u>	<u>2,752,857</u>	<u>(796,326)</u>
Other Financing Sources (Uses)				
Transfers in (out)	(973,417)	973,417	-	-
Capital lease	7,455	-	7,455	-
Total other financing sources (uses)	<u>(965,962)</u>	<u>973,417</u>	<u>7,455</u>	<u>-</u>
Excess of revenues over expenditures and other sources	2,770,647	(10,335)	2,760,312	(796,326)
Fund balance – beginning of year	<u>14,876,144</u>	<u>157,898</u>	<u>15,034,042</u>	<u>15,830,368</u>
Fund balance – end of year	<u>\$ 17,646,791</u>	<u>\$ 147,563</u>	<u>\$ 17,794,354</u>	<u>\$ 15,034,042</u>

**JUVENILE WELFARE BOARD**

**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

*YEAR ENDED SEPTEMBER 30, 2014*

*(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR 2013)*

	<u>2014</u>	<u>2013</u>
Amounts reported for governmental activities in the statement of net position is different because:		
Net change in fund balance	\$ 2,760,312	\$ (796,326)
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	58,478	19,577
Depreciation expense	(221,321)	(244,737)
Disposal of capital assets	(38,014)	-
Revenues shown in governmental activities were not financial resources, therefore, were not reported in the governmental funds	51,872	73,333
Long-term liability related items:		
Proceeds from the issuance of new long-term debt were in "other financing source" on the fund financial statements but did not increase net position on the Statement of Activities	(7,455)	-
Repayments of long-term liabilities represented expenditures on the fund financial statements, but did not decrease net position	19,264	27,892
The decrease of compensated absences liabilities increased net position	137,463	95,205
Change in net position in governmental activities	<u>\$ 2,760,599</u>	<u>\$ (825,056)</u>

# JUVENILE WELFARE BOARD

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### Note 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 invests in partnerships, innovation and advocacy to strengthen Pinellas County children and families.

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.

### Note 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:

*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. 61 of the Governmental Accounting Standards Board ("GASB"), *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, the ("Statement"). Component units are defined by the Statement as legally separate organizations for which the elected officials of the primary government appoint the majority of the organization's board and in which a financial benefit and burden relationship between the primary government and the organization exist. There is one component unit included in the JWB reporting entity, PCMS.

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.

The Juvenile Welfare Board is an independent taxing entity 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.

*Basis of Presentation* - The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with JWB's financial statements for the year ended September 30, 2013, from which the summarized information was derived.

# JUVENILE WELFARE BOARD

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### Note 2 – Summary of significant accounting policies and practices (continued)

*Government-Wide Financial Statements* - The statement of net position 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.

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.

*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 fund financial statements 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.

Unearned revenue occurs when assets are recognized before revenue recognition has been satisfied. JWB recognizes revenue when all eligibility requirements are met.

*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.

**JUVENILE WELFARE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

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**Note 2 – Summary of significant accounting policies and practices (continued)**

- 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. 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.

*Cash and Investments* - Cash and 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. 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 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.

*Prepaid Items* - Prepaid items reflect payments to vendors for costs applicable to future accounting periods. They are reported as they are consumed.

*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.

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

<u>Property classification</u>	<u>Estimated useful life</u>
Buildings	40 years
Improvements	Remaining life of the building
Furniture, fixtures and equipment	3 -7 years

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

# JUVENILE WELFARE BOARD

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### Note 2 – Summary of significant accounting policies and practices (continued)

*Liabilities* - 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.

JWB possesses capital leases for equipment and building leasehold improvements. The general fund records expenditures for the leases as they become due and payable. The estimated liability for all leases is recorded in the government-wide financial statements.

*Deferred Outflows/Inflows of Resources* - The Statement of Financial Position will sometimes report a separate section for deferred outflows which represents a consumption of net position that applies to a future period. JWB does not have any items that meet this criteria.

The Statement of Financial Position will sometimes report a separate section for deferred inflows which represents an acquisition of net position that applies to a future period. JWB does not have any items that meet this criteria.

*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 JWB 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 two months of the budgeted operating expenditures of the immediate succeeding fiscal year for any unexpected emergency events. The maximum calculated reserve of \$10,813,556 is part of the unassigned fund balance at year end.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted funds are considered to be spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, amounts are spent first out of committed funds, then assigned funds and finally unassigned funds unless the Board has provided otherwise in its committed or assignment actions.

# JUVENILE WELFARE BOARD

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### Note 2 – Summary of significant accounting policies and practices (continued)

*Net Position* - The Net Position of the government-wide funds is categorized as net investment in capital assets, which is reduced by accumulated depreciation and any outstanding balances of any borrowing for an acquisition. The net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted. In order to report Net Position as restricted and unrestricted in the government-wide financial statements, the restricted net position would first be used before using unrestricted net position.

*Program Revenues* - Amounts reported include grants for various programs, donations, and contributions.

*Property Taxes* - Florida laws restrict millage rate increases that a government may levy. There are multiple exemptions for most homeowners, a four percent discount is also allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded based on the amount of receipts reported by the County Tax Collector.

*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.

*Compensated Absences* - Employees are granted a specific number of paid vacation and sick leave days. They are permitted to accumulate a maximum of 240 hours of vacation. Sick leave can be accumulated to a maximum of 520 hours, but are only reimbursed for a percentage of unused sick leave upon retirement. The costs of vacation and sick leave benefits are budgeted and expended in the general fund when payments are made.

*Leases* - JWB has entered into several lease agreements for copier equipment and for building improvements, which have been determined to be capital leases. The costs of the leases are budgeted and expended in the general fund when payments are made.

The GASB has issued the following new statements that are applicable to JWB in the future:

**Statement No. 68, Accounting & Financial Reporting for Pensions – an amendment of GASB Statement No. 27** establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

**JUVENILE WELFARE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

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**Note 2 – Summary of significant accounting policies and practices (continued)**

**Statement No. 71**, *Pension Transition for Contributions made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68, as amended, requires a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability and that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

JWB is currently studying these new pronouncements and will adopt them in the fiscal year ending September 30, 2015, as required.

**Note 3 – Cash and cash equivalents**

The bank and book balances were as follows at September 30, 2014:

Deposits with commercial banks (book balance)	\$ 14,206,589
Petty cash	600
Book balance	<u>14,207,189</u>
Bank balance of deposits in commercial banks	<u>\$ 14,229,929</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, 2014, JWB investments 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. The deposits at year end are considered insured and collateralized for custodial credit risk purposes.



# JUVENILE WELFARE BOARD

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### Note 4 – Investments

The Investment Policy, as adopted in 1995, authorizes the Finance Director or designee as the Investment Officer of JWB and is responsible for investment of surplus funds in accordance with Section 218.415, Florida Statutes. The Investment Policy was revised in February 2002, December 2006, February 2008, November 2009, September 2012 and again in September 2013. The investment policy formally established guidelines and authorized JWB to invest in the following: Florida Local Government Surplus Funds Trust Fund (SBA), any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act of 1969, U.S. Treasury Obligations, U.S. Federal Agency Obligations, U.S. Government-sponsored enterprises, Non-Negotiable Interest Bearing Savings Accounts, Demand Deposit Accounts, Time Certificates of Deposit, Repurchase Agreements, Commercial Paper, and Money Market Funds.

At September 30, 2014, JWB had the following investments:

	<u>Value</u>	<u>Percentage</u>
Florida State Board of Administration (PRIME)	\$ 6,035,855	90.7%
Florida Local Government Investment Trust (FLGIT)	615,404	9.3%
Total	<u>\$ 6,651,259</u>	

As of September 30, 2014, 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 \$6,035,855 invested in the SBA in an account titled Florida PRIME. The PRIME fund's yield rate as of that date was .16%. During the year, JWB also had an account titled Fund B Surplus Funds Trust Fund which paid no interest in lieu of recovering its losses. At September 30, 2014, the original principal balances were distributed in full. 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 oversee 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. 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.

# JUVENILE WELFARE BOARD

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### **Note 4 – Investments (continued)**

*Interest Rate Risk* - To maintain liquidity and limit exposure to fair value losses, JWB's investment policy limits operating funds to maturities of three 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, 2014, is 54 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

The weighted average maturity of the FLGIT is 54 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 guidelines for the maximum limit for diversification as follows: 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 (GSEs) 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, 2014, all JWB investments were in compliance with JWB's investment policy and did not exceed portfolio allocation.

### **Note 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 \$1,402 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, 2014, there was \$973,417 in interfund transfers in (out).

### **Note 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%.

**JUVENILE WELFARE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

**Note 6 – Note receivable (continued)**

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

<u>Fiscal Year ending September 30,</u>	<u>Principle</u>	<u>Imputed Interest</u>	<u>Total</u>
2015	\$ 127,078	\$ 18,842	\$ 145,920
2016	173,061	14,708	187,769
2017	177,296	10,473	187,769
2018	181,635	6,135	187,770
2019	139,138	1,691	140,829
	<u>\$ 798,208</u>	<u>\$ 51,849</u>	<u>\$ 850,057</u>

**Note 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 the fiscal year ending September 30, 2012, JWB paid \$231,247 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**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

**Note 7 – Capital assets (continued)**

Capital asset activity for the year ended September 30, 2014 was as follows:

	<b>Governmental Activities</b>			<b>September 30, 2014</b>
	<b>October 1, 2013</b>	<b>Additions and Transfers In</b>	<b>Disposals and Transfers Out</b>	
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 740,489	\$ 51,023	\$ 30,068	\$ 761,444
Capital lease-equipment	76,689	7,455	7,313	76,831
Capital lease-St. Petersburg College	4,051,697	-	38,014	4,013,683
Total capital assets	4,868,875	58,478	75,395	4,851,958
Less accumulated depreciation:				
Furniture, fixtures, and equipment	577,636	108,497	30,068	656,065
Capital lease-equipment	44,729	13,506	7,313	50,922
Capital lease-St. Petersburg College	460,906	99,318	-	560,224
Total Accumulated Depreciation	1,083,271	221,321	37,381	1,267,211
Capital assets, net	<u>\$ 3,785,604</u>	<u>\$ (162,843)</u>	<u>\$ 38,014</u>	<u>\$ 3,584,747</u>

Depreciation was charged to the following functions:

General government

    Administration \$ 221,321

**JUVENILE WELFARE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

SEPTEMBER 30, 2014

**Note 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 and for building improvements, which have been determined to be capital leases.

The following is a schedule of changes in long-term liabilities for fiscal year ended September 30, 2014.

	<b>Beginning</b>			<b>Ending</b>	<b>Due in</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>	<b>one year</b>
Compensated absences	\$ 338,467	\$ 100,477	\$ 119,741	\$ 319,203	\$ 90,235
Capital leases - Equipment	34,518	7,455	13,812	28,161	13,898
Leasehold Improvements -					
St. Petersburg College	129,898	-	123,651	6,247	6,247
<b>Total</b>	<b>\$ 502,883</b>	<b>\$ 107,932</b>	<b>\$ 257,204</b>	<b>\$ 353,611</b>	<b>\$ 110,380</b>

The future minimum lease obligations and the net present value of the capital leases of September 30, 2014, were as follows:

<b><u>Fiscal Year ending September 30,</u></b>	
2015	\$ 21,350
2016	10,602
2017	1,547
2018	1,547
2019	1,159
Total minimum lease payments	36,205
Less: amount representing interest	(1,797)
Present value of minimum lease payments	<b>\$ 34,408</b>

**Note 9 – 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, 2014, a rate of 0.8981 mills was assessed.

# JUVENILE WELFARE BOARD

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### **Note 9 – Property tax revenue (continued)**

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. The assessed value upon which the fiscal year 2014 levy was based was \$56 billion. There was an amount of \$328,908 of property taxes receivable from the tax collector at September 30, 2014.

### **Note 10 – Risk management**

JWB is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. JWB purchases 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.

### **Note 11 – Retirement**

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 offers members a defined benefit plan (Pension Plan) and/or a defined contribution plan (Investment Plan) to provide retirement and disability benefits, and death benefits for active members, retirees, surviving beneficiaries and Deferred Retirement Option Program (“DROP”) participants.

DROP is a program that provides for payment of retirement benefits for FRS members for a maximum of five years. Under this program, an employee may retire and have his benefits accumulate in the FRS Trust Fund, earning interest, while continuing to work for a system employer. When the DROP period ends, employment terminates, the employee receives payment of the accumulated DROP benefits and monthly Pension Plan and/or Investment Plan retirement benefits begin.

Benefits are established by Chapter 121, Florida Statutes, and Chapter 22B, Florida Administrative Code. Effective July 1, 2011, the Florida Legislature passed Senate Bill 2100 making changes to the FRS. Benefits are computed on the basis of age, average final compensation and service credit.

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

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### Note 11 – Retirement (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 or 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 FRS Trust Fund assets were approximately \$154.7 billion as of June 30, 2014. The market value of the pension plan is \$145.8 billion. The most recent System Actuarial Valuation Report dated July 1, 2014 states that the System pension plan was 86.6% funded at June 30, 2014 since the actuarial value of assets was \$138.6 billion compared to the actuarial accrued liability of \$160.1 billion.

As of July 1, 2012, System members contribute 3% of pretax salaries. Participating employer contributions are based upon statewide rates established by the state of Florida. The statewide rates are applied to employee salaries as follows:

Senior Management, 18.31% and 21.14% from October 1, 2013 through June 30, 2014, and July 1, 2014 through September 30, 2015, respectively;

Regular, 6.95% and 7.37% from October 1, 2013 through June 30, 2014, and July 1, 2014 through September 30, 2015, respectively;

DROP, 12.84% and 12.28% from October 1, 2013 through June 30, 2014, and July 1, 2014 through September 30, 2015, 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, 2014, 2013, and 2012 were \$307,107, \$215,923, and \$188,237, 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, 2014. 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.dms.myflorida.com/workforce\\_operations/retirement/publications/actuarial\\_valuations](http://www.dms.myflorida.com/workforce_operations/retirement/publications/actuarial_valuations).

### Note 12 – Fund balance

*Non-spendable* - amounts that are not in spendable form or are legally or contractually required to be maintained intact. The long-term amount of notes receivable are considered to not be in spendable form for JWB. The amount of \$671,130 is non-spendable since it is not expected to be converted to cash.

*Restricted* - amounts that are constrained to specific purposes by external providers, imposed by law through constitutional provisions or by enabling legislation. JWB does not have any Restricted Fund Balance.

# JUVENILE WELFARE BOARD

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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### **Note 12 – Fund balance (continued)**

*Committed - amounts that are constrained to specific purposes by formal action of JWB board. JWB has no committed fund balance at September 30, 2014.*

*Assigned - amounts JWB intends to use for a specific purpose but are neither restricted nor committed.*

- 1) The fiscal 2015 Budget Resolution by the Board in September 2014 appropriated the amount of \$4,527,462 from the fiscal 2014 year fund balance for expenditures authorized in excess of anticipated revenue during fiscal year 2015.
- 2) The H. Browning Spence Education Award was created in memory of the former JWB Deputy Director and dedicated to providing support to children transitioning from foster care at age 18. In 2013, the Board voted that contributions be recognized as Committed in the General Fund Balance for purposes of the H. Browning Spence Education Award Fund. As of September 30, 2014, the amount assigned is \$4,258.

*Unassigned - amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. The board adopted a fund balance policy for unanticipated emergencies and cash flow of approximately two months of the budgeted expenditures. This minimum amount is \$10,813,556. The remaining Unassigned Fund Balance is \$1,630,385.*

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. The fund balance of \$147,563 is assigned.

### **Note 13 – Subsequent events**

Management has evaluated subsequent events from October 1, 2014 to January 27, 2015 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**

# JUVENILE WELFARE BOARD

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND (BUDGETARY BASIS)

YEAR ENDED SEPTEMBER 30, 2014

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
Revenues:				
Property taxes, net	\$ 47,589,644	\$ 47,589,644	\$ 47,635,245	\$ 45,601
Fees	22,000	22,000	21,621	(379)
Intergovernmental	1,145,300	1,174,356	1,098,295	(76,061)
Grant and contribution revenue	5,394,226	21,847,770	19,614,178	(2,233,592)
Investment income, net	58,000	58,000	48,999	(9,001)
Other	-	-	16,680	16,680
Total revenues	<u>54,209,170</u>	<u>70,691,770</u>	<u>68,435,018</u>	<u>(2,256,752)</u>
Expenditures:				
Current:				
Administration	6,922,579	7,117,421	6,731,361	386,060
Grants and Other Contracts	5,177,041	20,035,833	17,915,675	2,120,158
Children and family programs				
School Readiness	9,025,479	9,446,867	6,207,589	3,239,278
School Success	15,916,626	16,240,067	14,532,905	1,707,162
Prevention of Child Abuse and Neglect	20,328,707	20,780,810	18,802,726	1,978,084
Nonoperating	3,156,500	2,077,481	449,675	1,627,806
Capital outlay	-	58,478	58,478	-
Total expenditures	<u>60,526,932</u>	<u>75,756,957</u>	<u>64,698,409</u>	<u>11,058,548</u>
Net change in fund balance	<u>\$ (6,317,762)</u>	<u>\$ (5,065,187)</u>	3,736,609	<u>\$ 8,801,796</u>
Other Financing Sources				
Transfers out			(973,417)	
Capital lease			<u>7,455</u>	
Total Other Financing Sources			<u>(965,962)</u>	
Excess of revenues over expenditures and other sources			2,770,647	
Fund balance – beginning of year			<u>14,876,144</u>	
Fund balance – end of year			<u>\$ 17,646,791</u>	

## **COMPLIANCE REPORTS**

**Report of Independent Auditor 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, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise JWB’s basic financial statements, and have issued our report thereon dated January 27, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered JWB’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of JWB’s internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether JWB’s financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida  
January 27, 2015

## **Independent Auditor's Management Letter**

Members of the Board  
Juvenile Welfare Board of Pinellas County

### **Report on the Financial Statements**

We have audited the financial statements of the Juvenile Welfare Board of Pinellas County (the "JWB"), as of and for the year ended September 30, 2014, and have issued our report thereon dated January 27, 2015.

### **Auditor's Responsibility**

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.

### **Other Reports**

We have issued our Report of Independent Auditor 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* and Report of Independent Accountant on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosure in those reports and schedules, which are dated January 27, 2015, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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. There were no findings or recommendation made in the preceding annual financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., 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.

### **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not JWB 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 JWB did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor JWB's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

**Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for JWB for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

**Other Matters**

Section 10.554(1)(i)2., 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)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida  
January 27, 2015

**Report of Independent Accountant on an Examination Conducted in  
Accordance with AICPA Professional Standards, Section 601**

Members of the Board  
Juvenile Welfare Board of Pinellas County

**Report on Compliance**

We have examined the Juvenile Welfare Board of Pinellas County (“JWB”) compliance with the requirements of Sections 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the JWB’s compliance with those requirements. Our responsibility is to express an opinion on JWB’s compliance based on our examination.

**Scope**

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on JWB’s compliance with specified requirements.

**Opinion**

In our opinion, JWB complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Tampa, Florida  
January 27, 2015