

Board of Directors Meeting

May 10, 2018

Accept Fiscal Year 2017 Audited Financial Statement

Item IV.A.

Recommended Action: Accept the Audited Fiscal Year 2017 Annual Financial Statement and the Accompanying Management Letter

Strategic Plan Alignment: Administration

The Fiscal Year 2017 Annual Financial Statement is attached and includes the Audit Report and Management Letter completed by Cherry Bekaert LLP. 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.

The audit information is also located on the JWB website at www.jwbpinellas.org. The Audit Report enables elected and appointed officials, managers, and the general public to assess JWB's overall financial condition. JWB has received an Unmodified Opinion which is the best type of report an organization may receive from an external auditor.

JWB is required by its Special Act and state statute to have an annual audit performed. The report is submitted to Pinellas County and the State of Florida.

The Board is asked to review and accept this report. The Annual Financial Report has been prepared consistent with applicable state statutes and the reporting standards of the Government Accounting Standards. The audit certifies the accuracy and integrity of the fiscal policies and procedures of the Juvenile Welfare Board during Fiscal Year 2017.

A review of the audit will be led by Lauren Strobe, Advisory & Assurance Manager, with Cherry Bekaert.

Staff Resource: Lynn De la Torre



JUVENILE WELFARE BOARD

FINANCIAL STATEMENTS AND COMPLIANCE REPORTS

As of and for the Year Ended September 30, 2017

And Reports of Independent Auditor

JUVENILE WELFARE BOARD

TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR	1-2
--	------------

MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
---	------------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16-34

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund (Budgetary Basis)	35
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan	36
Schedule of Contributions – Florida Retirement System	37
Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy Pension Plan	38
Schedule of Contributions – Health Insurance Subsidy Pension Plan	39

OTHER SUPPLEMENTARY INFORMATION

Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill	40
---	----

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 <i>Government Auditing Standards</i>	41-42
Independent Auditor's Management Letter	43-44
Report of Independent Accountant on Compliance with Local Government Investment Policies	45

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, 2017, and the related notes to 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 of 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, 2017 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 Information

We have previously audited JWB's 2016 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 March 22, 2017. In our opinion, the summarized information presented herein as of and for the year ended September 30, 2016 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 the required supplementary information, as listed on the table of contents, on pages 3 through 9 and 35 through 39, respectively, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise JWB's basic financial statements. The schedule of receipts and expenditures related to the Deepwater Horizon Oil Spill, on page 40, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2018, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JWB's internal control over financial reporting and compliance.

Handwritten signature of Cherry Bekant in black ink, followed by the text "LLP".

Tampa, Florida
April 5, 2018

JUVENILE WELFARE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(UNAUDITED)

Our discussion and analysis of the financial performance of Juvenile Welfare Board ("JWB") provides an overview of the financial activities for the fiscal years ended September 30, 2017 and 2016. Please read it in conjunction with the financial statements which begin on page 10.

FINANCIAL HIGHLIGHTS

JWB's total net position increased by \$696,269 (3%). The governmental activities include the JWB General Fund and the Special Revenue Fund of Pinellas Core Management Services, Inc. ("PCMS"), a 501(c) (3) not-for-profit corporation, which is a blended component unit to JWB's governmental activities. See Note 2 to the financial statements for further discussion. PCMS totals only 0.51% of JWB's net position.

JWB's governmental activities total expenses of \$57,874,636 reflected an increase over the prior year by \$5,446,578 (10%). Total revenues increased by \$4,004,138 (7%). Property tax revenue increased \$3,973,938.

Although revenues increased less than the increase in expenditures, the General Fund still saw a net increase of \$852,308. The Special Revenue Fund, PCMS, experienced a net decrease of \$4,788, resulting from general operating expense.

The General Fund expenditures budget was unspent by \$5,984,162. This lapse resulted from \$646k in administration (not including capital outlay of \$315K), \$3.4M in children and families programming, and \$1.9M in nonoperating.

The Juvenile Welfare Board invests in partnerships, innovation and advocacy to strengthen Pinellas County children and families. JWB has identified and invests annually in four strategic focus areas: School Readiness, School Success, Prevention of Child Abuse and Neglect, and Strengthening Community. In FY 2017, JWB investments were \$9,664,099, \$14,269,889, \$20,926,444, and \$4,282,056, respectively, in these focus areas.

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, 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 only one category, which is the governmental fund. The governmental fund includes the JWB General Fund and the PCMS Special Revenue Fund. All of JWB's basic services are considered to be governmental activities, including administration and services to children and families. Property taxes finance most of these activities. PCMS is a legally separate not-for-profit entity; however, it meets the criteria of a blended component unit with JWB, and is thus accounted for in the Special Revenue Fund of the governmental fund.

The Statement of Net Position presents information on JWB's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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.

JUVENILE WELFARE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(UNAUDITED)

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 (Statement of Net Position and Statement of Activities) report JWB's net position and the changes thereof.

The value of Pinellas County properties increased by 7.35% for FY 2017. The adopted millage rate of .8981 yielded \$57,972,153 in total ad valorem revenues, an increase of \$3,973,938.

JWB derives nearly all of its revenues from property taxes, but does receive amounts from interest revenue as well as rental income from 2-1-1 Tampa Bay Cares for space leased in the building JWB occupies. Interest revenue has steadily increased over the last couple of years. Interest revenue increased \$164,069 or 119% over the prior fiscal year.

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 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.

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. The required supplementary information consists of the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund (Budgetary Basis); Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan; Schedule of Contributions – Florida Retirement System; Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy Pension Plan; and Schedule of Contributions – Health Insurance Subsidy Pension Plan.

JUVENILE WELFARE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The table below reflects the condensed Statement of Net Position compared to the prior year. As of September 30, 2017, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$24 million. This is an increase of \$696,269 over the prior year.

Juvenile Welfare Board's Net Position

	Governmental Activities	
	2017	2016
Assets:		
Current and other assets	\$ 30,337,068	\$ 28,039,084
Capital assets/long-term note receivable	3,854,290	3,935,390
Total Assets	34,191,358	31,974,474
Deferred Outflow of Resources:		
Deferred amount related to pensions	1,371,919	1,252,538
Total Deferred Outflow of Resources	1,371,919	1,252,538
Liabilities:		
Other liabilities	7,287,538	6,032,644
Long-term liabilities	4,002,255	3,806,402
Total Liabilities	11,289,793	9,839,046
Deferred Inflow of Resources:		
Deferred amount related to pensions	342,304	153,055
Total Deferred Inflow of Resources	342,304	153,055
Net Position:		
Net investment in capital assets	3,749,885	3,643,726
Unrestricted	20,181,295	19,591,185
Total Net Position	\$ 23,931,180	\$ 23,234,911

Current assets increased by \$2,297,984 in FY 2017. Receivables decreased 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 (buildings, improvements, capitalized software, and furniture and equipment) represents 16% of JWB's total net position. Capital assets increased, there were more additions than removals of furniture, equipment, and building improvements, net of depreciation for the period. Total liabilities increased by \$1,450,747 due to an increase in accounts payable and the recognition of the increase in the net pension liability of retirement plans. An increase occurred in the long-term portion of accrued absences. Net investment in capital assets is \$106,159 more than the prior year. It is reduced by leases payable and also includes the retirement and addition of equipment. The unrestricted net position increased by 3% from prior fiscal year. This results from an increase in ad valorem revenue and decrease in expenses during the fiscal year.

JUVENILE WELFARE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2017
 (UNAUDITED)

The following schedule reflects the condensed Statement of Activities compared to the prior year. As of September 30, 2017, revenues exceeded expenses by \$696,269, a decrease of 67% over the prior year.

Juvenile Welfare Board's Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues:		
Charges for services	\$ 21,539	\$ 21,276
Operating grants and contributions	244,808	338,647
General Revenues:		
Property taxes	57,972,153	53,998,215
Investment income	301,729	137,660
Miscellaneous	30,676	70,969
Total Revenues	<u>58,570,905</u>	<u>54,566,767</u>
Expenses:		
Administration	7,687,492	8,177,546
Children and family programs	50,187,144	44,250,512
Total Expenses	<u>57,874,636</u>	<u>52,428,058</u>
Increase (decrease) in net assets	696,269	2,138,709
Net Position – Beginning of Year	<u>23,234,911</u>	<u>21,096,202</u>
Net Assets – End of Year	<u>\$ 23,931,180</u>	<u>\$ 23,234,911</u>

The total revenue for governmental activities increased by \$4,004,138 (or 7%) from 2016. Property taxes are the main source of income for JWB at 99% of total revenues. Investment income is the next highest source of revenue. Total expenses increased by 10% over the prior year due to the increase in expenditures in each of the four focus areas.

Governmental Activities

Property taxes remain the main revenue source for JWB. Other sources of revenue such as contributions are the next highest source of revenue, with miscellaneous revenue being the smallest percentage at .05%.

The current property tax valuation for FY 17 was \$68 billion, which is an overall increase of 7.35%, and it is currently projected that property tax revenue will continue to increase in future years.

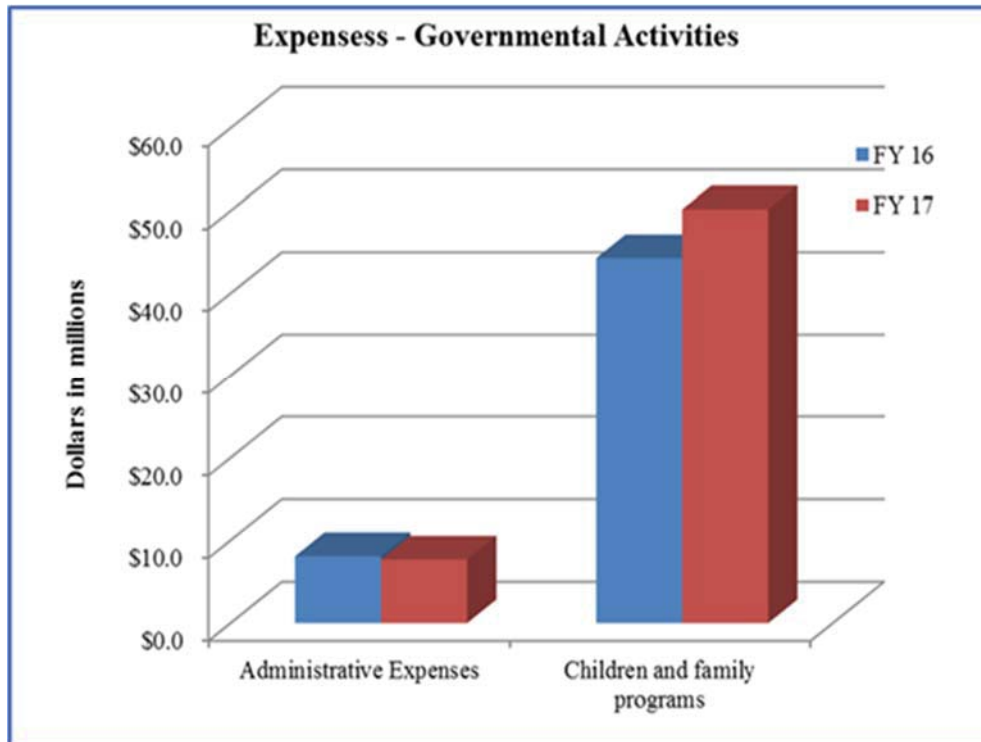
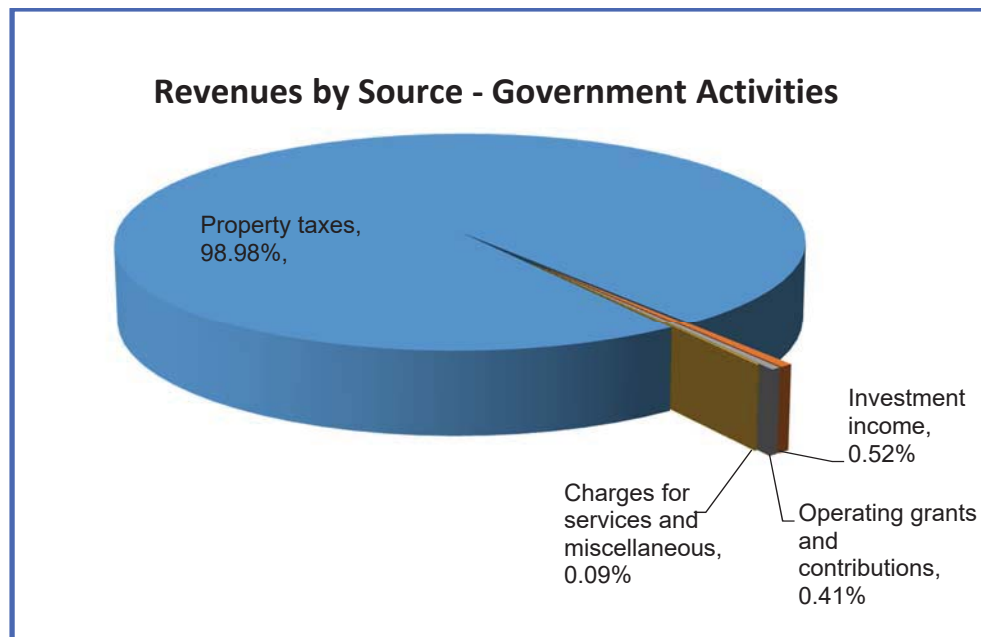
For FY 17, the budget reflects a millage rate of .8981 mills, which is the same rate as the prior year. The overall initial operating budget was \$62.5 million, an increase of 6.0% over the amended budget for FY 16.

Operating grants and contributions decreased from approximately \$339 thousand to approximately \$245k.

JWB investment revenue increased in yield from \$137,660 to \$301,729, or approximately 119%.

JUVENILE WELFARE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(UNAUDITED)

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



The total expense of the governmental activities increased by approximately \$5.4 million over the prior year.

Administrative expense decreased 6.0%, occurring from a slight decrease in administrative and technology expenditures. The children and family program expense increased by \$5,936,632.

JUVENILE WELFARE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2017
 (UNAUDITED)

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

General Fund

At the end of FY 2017, JWB's General Fund balance was \$22.7 million (an increase of \$852,308). The fund balance consists of non-spendable funds in the amount of \$93,039, assigned funds in the amount of \$5,206,469, and \$17,441,632 in unassigned funds.

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

There is a minimal fund balance for PCMS, which originally was assumed under the transition to JWB in FY 2010. Increased revenue activity from FY 2012 requires PCMS activity to be recognized in the Special Revenue Fund (see Note 2 for further discussion). The Special Revenue Fund balance at September 30, 2017 is \$122,846. This is a reduction of \$4,788 from the prior year and is effectuated through a transfer from the General Fund.

Capital Assets

JWB's capital assets for the governmental activities are approximately \$3.76 million, net of accumulated depreciation. This represents a \$101,635 increase, net of depreciation, from September 30, 2016. The table below includes land, buildings, improvements, and equipment with the accumulated depreciation deducted.

	Governmental Activities	
	2017	2016
Capital lease - St. Petersburg College	\$ 3,169,054	\$ 3,251,909
Furniture, fixtures, and equipment	581,158	64,999
Capital lease - equipment	11,039	15,668
Work in progress - Data Analytics	-	327,040
Total	\$ 3,761,251	\$ 3,659,616

The increase in capital assets occurred from the net effect of additions and decreases in capital leases and furniture, fixtures, and equipment.

Long-Term Liability Administration

As of September 30, 2017, the Juvenile Welfare Board had \$4.0M in long-term liabilities. Of that amount \$3.6 million is the net pension liability. (See Note 8 – Long term liabilities.) The remainder is the long-term portion of both compensated balances and capital leases for equipment. The table below shows the balances of the long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Compensated absences	\$ 302,468	\$ 60,904	\$ 15,669	\$ 347,703	\$ 102,482
Capital Leases - Equipment	15,890	-	4,524	11,366	4,672
Net pension liability	3,488,044	155,142	-	3,643,186	36,145
Total	\$ 3,806,402	\$ 216,046	\$ 20,193	\$ 4,002,255	\$ 143,299

JUVENILE WELFARE BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(UNAUDITED)

Economic Factors

Property tax revenue continues to increase and in FY 17 JWB recognized an increase from the prior year of 7.35% and additional Ad Valorem revenue of \$4M. JWB has maintained a flat mileage rate of .8981 since FY 13. Interest rates have increased over the last couple of years and two of JWB's investment accounts, Florida Prime (State Board Administration) and the Florida Local Government Investment Trust have shown significant increases and it is anticipated that they will continue to increase. As interest rates increase the corresponding yield has grown over the years as well.

JWB's Board Members always consider many factors when setting the fiscal-year budget and millage rate. One important factor in determining if an agency will be funded by JWB is does the agency fit into one of the strategic areas, school success, school readiness, prevention of child abuse and neglect, and strengthening community. Strengthening community is a fourth strategic area that was implemented in FY 17. Strengthening community overarching belief is "place matters. Each community is unique and that uniqueness must be recognized and valued. Without community input and participation, long-term solutions will not be found or successfully implemented. We must provide opportunities for groups to have their voices heard and respected". Board Members want to be sure that the services the agencies JWB is funding are making a difference in the youth served in Pinellas County.

REQUESTS FOR INFORMATION

JWB's financial statements are designed to present users (citizens, taxpayers) with a general overview. If you have questions about this report or need additional financial information, contact Juvenile Welfare Board Finance Department, 14155 58th Street North, Clearwater, FL 33760 or visit our website at: www.jwbpinellas.org.

JUVENILE WELFARE BOARD
STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

	Governmental Activities	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 16,164,293	\$ 11,436,409
Investments	13,280,215	15,798,801
Due from other governments	526,694	557,719
Due from other agencies	110,673	8,451
Receivables	5,289	8,013
Other assets	67,168	51,320
Note receivable:		
Due within one year	182,736	178,371
Due in more than one year	93,039	275,774
Capital assets, net of accumulated depreciation	3,761,251	3,659,616
Total Assets	34,191,358	31,974,474
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount related to pensions	1,371,919	1,252,538
Total Deferred Outflow of Resources	1,371,919	1,252,538
LIABILITIES		
Payable to agencies	6,244,729	5,314,561
Accounts payable	884,788	443,342
Other payables	68,068	190,102
Accrued salary and benefits	89,953	84,639
Long-term liabilities:		
Due within one year	143,299	122,674
Due in more than one year	3,858,956	3,683,728
Total Liabilities	11,289,793	9,839,046
DEFERRED INFLOW OF RESOURCES		
Deferred amount related to pensions	342,304	153,055
Total Deferred Inflow of Resources	342,304	153,055
NET POSITION		
Net investment in capital assets	3,749,885	3,643,726
Unrestricted	20,181,295	19,591,185
Total Net Position	\$ 23,931,180	\$ 23,234,911

The accompanying notes to the financial statements are an integral part of these statements.

JUVENILE WELFARE BOARD
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Functions/programs	Expenses	Program Revenues		2017	2016
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
				Total Governmental Activities	Primary Government
Primary Government:					
Governmental activities:					
Administration	\$ 7,687,492	\$ 21,539	\$ -	\$ (7,665,953)	\$ (8,156,270)
Children and family programs	50,187,144	-	244,808	(49,942,336)	(43,911,865)
Total Primary Government	<u>\$ 57,874,636</u>	<u>\$ 21,539</u>	<u>\$ 244,808</u>	<u>(57,608,289)</u>	<u>(52,068,135)</u>
General Revenues:					
Property taxes				57,972,153	53,998,215
Investment income, net				301,729	137,660
Miscellaneous				30,676	70,969
Total General Revenues				<u>58,304,558</u>	<u>54,206,844</u>
Change in net position				696,269	2,138,709
Net position - beginning of year				23,234,911	21,096,202
Net position – end of year				<u>\$ 23,931,180</u>	<u>\$ 23,234,911</u>

JUVENILE WELFARE BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

	Major Fund	Non-Major Fund		
	General	Special		
	Fund	Revenue Fund	2017	2016
ASSETS				
Cash and cash equivalents	\$ 16,041,447	\$ 122,846	\$ 16,164,293	\$ 11,436,409
Investments	13,280,215	-	13,280,215	15,798,801
Due from other governments	248,111	-	248,111	291,971
Due from other agencies	110,673	-	110,673	8,451
Receivables	5,289	-	5,289	8,013
Other receivables	67,168	-	67,168	51,320
Due from (to) other funds	(58,297)	58,297	-	-
Notes receivable:				
Due within one year	182,736	-	182,736	178,371
Due in more than one year	93,039	-	93,039	275,774
Total Assets	\$ 29,970,381	\$ 181,143	\$ 30,151,524	\$ 28,049,110
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payable to agencies	\$ 6,244,729	\$ -	\$ 6,244,729	\$ 5,314,561
Accounts payable	826,491	58,297	884,788	443,342
Other payables	68,068	-	68,068	190,102
Accrued salary and benefits	89,953	-	89,953	84,639
Total Liabilities	7,229,241	58,297	7,287,538	6,032,644
Fund Balance:				
Non-spendable	93,039	-	93,039	275,774
Assigned	5,206,469	122,846	5,329,315	2,732,712
Unassigned	17,441,632	-	17,441,632	19,007,980
Total Fund Balance	22,741,140	122,846	22,863,986	22,016,466
Total Liabilities and Fund Balance	\$ 29,970,381	\$ 181,143	\$ 30,151,524	\$ 28,049,110

The accompanying notes to the financial statements are an integral part of these statements.

JUVENILE WELFARE BOARD

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

	2017	2016
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance – governmental fund	\$ 22,863,986	\$ 22,016,466
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund	3,761,251	3,659,616
Accounts receivable shown in governmental activities were not financial resources, therefore, were not reported in the governmental funds	278,583	265,748
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension	1,371,919	1,252,538
Deferred inflows of resources related to pension	(342,304)	(153,055)
Some long-term liabilities that are not due and payable in the current period activities consist of:		
Capital leases	(11,366)	(15,890)
Compensated absences	(347,703)	(302,468)
Net pension liability	(3,643,186)	(3,488,044)
Net position of governmental activities	<u>\$ 23,931,180</u>	<u>\$ 23,234,911</u>

JUVENILE WELFARE BOARD**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS***YEAR ENDED SEPTEMBER 30, 2017**(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)*

	General Fund	Special		
	Fund	Revenue Fund	2017	2016
Revenues:				
Property taxes, net of fees	\$ 57,972,153	\$ -	\$ 57,972,153	\$ 53,998,215
Fees	21,539	-	21,539	21,276
Intergovernmental	-	-	-	53,500
Grant and contribution revenue	231,974	-	231,974	285,146
Investment income, net	301,537	192	301,729	137,660
Other	30,676	-	30,676	70,969
Total Revenues	58,557,879	192	58,558,071	54,566,766
Expenditures:				
Administration	7,208,070	-	7,208,070	7,885,626
Children and family programs	49,142,488	1,044,656	50,187,144	44,250,512
Capital outlay	315,337	-	315,337	373,192
Total Expenditures	56,665,895	1,044,656	57,710,551	52,509,330
Excess of revenues over expenditures	1,891,984	(1,044,464)	847,520	2,057,436
Other Financing Sources:				
Transfers in (out)	(1,039,676)	1,039,676	-	-
Capital lease	-	-	-	12,834
Total Other Financing Sources	(1,039,676)	1,039,676	-	12,834
Excess of revenues over expenditures and other sources	852,308	(4,788)	847,520	2,070,270
Fund balance – beginning of year	21,888,832	127,634	22,016,466	19,946,196
Fund balance – end of year	\$ 22,741,140	\$ 122,846	\$ 22,863,986	\$ 22,016,466

The accompanying notes to the financial statements are an integral part of these statements.

JUVENILE WELFARE BOARD

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

YEAR ENDED SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

	2017	2016
Amounts reported for governmental activities in the statement of net position are different because:		
Net change in fund balance	\$ 847,520	\$ 2,070,270
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	315,336	373,192
Depreciation expense	(213,701)	(152,777)
Loss on disposal of capital assets	-	(680)
Revenues shown in governmental activities were not financial resources and, therefore, were not reported in the governmental funds.	12,835	(1)
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 position.	-	(12,834)
Certain expenses reported in the statement of activities do not require 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	(45,235)	11,957
Lease expense	4,524	11,207
Pension expense	(225,010)	(161,627)
Change in net position in governmental activities	\$ 696,269	\$ 2,138,709

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

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 JWB. 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 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, 2016, from which the summarized information was derived.

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.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

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

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) 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.

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 60 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.
- Budgetary control is maintained at the program level. The Executive Director or designee is authorized to transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within a program.
- The Board may, by resolution, accept a receipt from a source not anticipated, and transfer from contingency or an appropriated balance or portion thereof to a program.
- The annual budget serves as the legal authorization for expenditures. All unexpended appropriations lapse at fiscal year-end.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

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

- The budget presented for General Fund in these financial statements has been prepared on the modified accrual basis of accounting. 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.
- 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 Cash Equivalents 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.

Other Assets – Other assets reflect payments to vendors for costs applicable to future accounting periods. They are reported as they are consumed.

Capital Assets – Capital assets include buildings, improvements, capitalized software, and furniture fixtures and equipment and are reported in the governmental activities of the government-wide financial statements. As per Florida 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 acquisition 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
Capitalized software	5 years
Furniture, fixtures, and equipment	3-7 years

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

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. 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.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. JWB has one item that qualifies for reporting in this category, which is related to pensions.

In addition to liabilities, the statement of net position reports a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. JWB has one item that qualifies for reporting in this category, which is related to pensions.

Pensions – In the government-wide statement of net position, pension liabilities are recognized for JWB's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Florida Retirement System ("FRS") defined benefit plan and the Health Insurance Subsidy ("HIS") defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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 JWB. **Assigned** consists of amounts that are constrained by JWB's intent to be used for specific purposes, but are neither restricted nor committed. Assigning fund balance is expressed by JWB Board or the Chief Executive Officer 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 \$10,159,374 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, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

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 and contributions.

Property Taxes – Florida laws restrict millage rate increases that a government may levy. There are multiple exemptions for most homeowners, a 4% 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 Pinellas 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 accordance 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 or separation. 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.

Note 3—Cash and cash equivalents

The bank and book balances were as follows at September 30, 2017:

Deposits with commercial banks (book balance)	\$ 4,975,466
Money market	11,188,227
Petty cash	600
Book balance	<u>\$ 16,164,293</u>
Bank balance of deposits in commercial banks	<u>\$ 16,313,524</u>

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 3—Cash and cash equivalents (continued)

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 QPDs.

At September 30, 2017, JWB investments include short-term investments in two money market accounts which are recorded at amortized cost. The BB&T Money Market Fund and Regions Trust Cash Sweep fund yield rates as of that date were .15% and .68%, respectively. 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.

Note 4—Investments

The investment policy, as adopted in 1995, authorizes the Chief Financial Officer 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, 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.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- Net Asset Value (“NAV”) - Investment in Florida Local Government Investment Trust (“FLGIT”) represents \$8,278,958 in pooled investment programs. No specific investments are assigned to JWB, rather the value of JWB’s investment is equal to the total fund net asset value times the number of units as a percentage of total units outstanding. Any dividends or interest of the programs are reinvested. FLGIT has a Standard & Poor’s rating of AAAM at September 30, 2017 and is recorded at NAV. There are no withdraw restrictions or unfunded commitments related to this investment as of September 30, 2017.
- Amortized Cost - Florida PRIME is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate as a qualified external investment pool. Thus, this pool operates essentially as a money market fund. Florida PRIME has a Standard & Poor’s rating of AAAM at September 30, 2017 and is recorded at amortized cost.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 4—Investments (continued)

At September 30, 2017, JWB had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>	<u>Percentage</u>
Investments measured at the NAV:			
Florida Local Government Investment Trust (FLGIT)	45 Day Average	\$ 8,278,958	33.9%
		8,278,958	33.9%
Investments measured at amortized cost:			
Florida State Board of Administration (PRIME)	51 Day Average	5,001,257	20.4%
Money Market	N/A	11,188,227 *	45.7%
Total		<u>\$ 24,468,442</u>	<u>100%</u>

*Investment is reported as cash equivalents on the accompanying statement of net position

At fiscal year-end, JWB had \$5,001,257 invested in the State Board of Administration (“SBA”) in an account titled Florida PRIME. The PRIME fund’s yield rate as of September 30, 2017 was 1.36%.

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 & 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.

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, 2017 is 51 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 4—Investments (continued)

The WAM of the FLGIT is 45 days. The portfolio is extremely liquid with the majority of the investments in U.S. Government Securities (U.S. 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, 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, 2017, 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 \$58,297 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, 2017, there was \$1,039,676 in interfund revenue and expenditures.

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 eight years. JWB imputed the interest on the mortgage receivable to be 2.42%.

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

<u>Fiscal Years Ending September 30,</u>	<u>Principle</u>	<u>Imputed Interest</u>	<u>Total</u>
2018	\$ 182,736	\$ 5,034	\$ 187,770
2019	93,039	847	93,886
	<u>\$ 275,775</u>	<u>\$ 5,881</u>	<u>\$ 281,656</u>

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

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 ended September 30, 2012, JWB paid \$231,247 for further improvements. During the fiscal year ended September 30, 2017, JWB paid \$18,289 for further improvements. These amounts capitalized are being amortized over the life of the leasehold improvements, which is approximately 36 years.

Capital asset activity for the year ended September 30, 2017 was as follows:

	Governmental Activities			
	October 1, 2016	Additions and Transfers In	Disposals and Transfers Out	September 30, 2017
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 599,948	\$624,087	\$ 161,883	\$ 1,062,152
Capital lease - equipment	20,290	-	-	20,290
Capital lease - St. Petersburg College	4,013,683	18,289		4,031,972
Work in progress - Data Analytics	327,040	-	327,040	-
Total capital assets	4,960,961	642,376	488,923	5,114,414
Less accumulated depreciation:				
Furniture, fixtures, and equipment	534,949	\$107,928	161,883	480,994
Capital lease - equipment	4,622	4,629	-	9,251
Capital lease - St. Petersburg College	761,774	101,144	-	862,918
Total accumulated depreciation	1,301,345	213,701	161,883	1,353,163
Capital assets, net	\$ 3,659,616	\$ 428,675	\$ 327,040	\$ 3,761,251

Depreciation was charged to the following functions:

General government

Administration \$ 213,701

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 8—Long-term liabilities

As a benefit, JWB offers annual leave, sick leave, and pension plans to its employees. JWB has entered into several lease agreements for copier equipment, 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, 2017.

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Compensated absences	\$ 302,468	\$ 60,904	\$ 15,669	\$ 347,703	\$ 102,482
Capital Leases - Equipment	15,890	-	4,524	11,366	4,672
Net pension liability	3,488,044	155,142	-	3,643,186	36,145
Total	<u>\$ 3,806,402</u>	<u>\$ 216,046</u>	<u>\$ 20,193</u>	<u>\$ 4,002,255</u>	<u>\$ 143,299</u>

The future minimum lease obligations and the net present value of the capital leases of September 30, 2017, were as follows:

Years Ending September 30,

2018	\$ 5,005
2019	4,618
2020	2,306
Total minimum lease payments	11,929
Less: amount representing interest	(563)
Present value of minimum lease payments	<u>\$ 11,366</u>

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, 2017, a rate of 0.8981 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 1 of each year and tax certificates, for the full amount of any unpaid taxes, must be sold no later than June 1 of each year. The Pinellas County Property Appraiser and the Pinellas County Tax Collector administer the assessment and collection of taxes. The assessed value upon which the fiscal year 2017 levy was based was \$68 billion. There was an amount of \$392,783 of property taxes receivable from the Tax Collector at September 30, 2017.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

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

Florida Retirement System

General Information – All of JWB's employees participate in the FRS. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the SBA. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, FL 32315-9000, or from the Website: www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Description – The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided – Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service, or 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers class members who retire at or after age 62 with at least six years of credited service or 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 11—Retirement (continued)

For Pension Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65, or 33 years of service regardless of age, for Regular, Senior Management Service, and Elected Officers class members, and to age 60, or 30 years of service regardless of age, for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Pension Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular--7.52% and 7.92%; Special Risk Administrative Support--28.06% and 34.63%; Special Risk--22.57% and 23.27%; Senior Management Service--21.77% and 22.71%; Elected Officers--42.47% and 39.64%; and DROP participants--12.99% and 13.26%. These employer contribution rates include a 1.66% HIS Plan subsidy for the periods October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017.

JWB's contributions to the Pension Plan totaled \$205,697 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At September 30, 2017, JWB reported a liability of \$2,357,887 for its proportionate share of the net pension liability as of September 30, 2017. The net pension liability for each fiscal year was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation in each year as of July 1. JWB's proportionate share of the net pension liability was based on JWB's contributions relative to the same fiscal year contributions of all participating members of the Board. At September 30, 2017, JWB's proportionate share was 0.007971402% which was a decrease of 0.00003146% from its proportionate share of 0.008002863% measured as of September 30, 2016.

JUVENILE WELFARE BOARD
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 11—Retirement (continued)

For the fiscal year ended September 30, 2017, JWB recognized pension expense of \$201,061. In addition, JWB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 216,397	\$ 13,061
Change of assumptions	792,417	-
Net difference between projected and actual earnings on Pension Plan investments	-	58,434
Changes in proportion and differences between JWB's Pension Plan contribution and proportionate share of contributions	86,198	95,934
JWB's Pension Plan contribution subsequent to the measurement date	64,396	-
Total	<u>\$ 1,159,408</u>	<u>\$ 167,429</u>

The deferred outflows of resources related to the Pension Plan, totaling \$64,396 resulting from JWB's contributions to the Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Years Ending September 30,</u>	<u>Amount</u>
2018	\$ 120,823
2019	323,660
2020	225,846
2021	44,935
2022	155,604
Thereafter	56,715

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 11—Retirement (continued)

Actuarial Assumptions – The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, tables.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed income	18.0%	4.5%	4.4%	4.2%
Global equity	53.0%	7.8%	6.6%	17.0%
Real estate	10.0%	6.6%	5.9%	12.8%
Private equity	6.0%	11.5%	7.8%	30.0%
Strategic investments	12.0%	6.1%	5.6%	9.7%
	<u>100.0%</u>			
Assumed Inflation-Mean		2.6%		1.9%

(1) As outlined in the Pension Plan's investment policy

Discount Rate – The discount rate used to measure the total pension liability was 7.10%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 11—Retirement (continued)

Sensitivity of JWB's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what JWB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Decrease 8.10%
JWB's proportionate share of the net pension liability	\$ 4,267,633	\$ 2,357,887	\$ 772,360

Pension Plan Fiduciary Net Position – Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan – At September 30, 2017, JWB reported no payables for the outstanding amount of contributions to the Pension Plan required for the fiscal year ended September 30, 2017.

HIS Pension Plan

Plan Description – The HIS Plan is a cost-sharing, multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS contribution for the period October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017 was 1.66%, respectively. JWB contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

JWB's contributions to the HIS Plan totaled \$64,936 for the fiscal year ended September 30, 2017.

JUVENILE WELFARE BOARD
NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 11—Retirement (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At September 30, 2017, JWB reported a net pension liability of \$1,285,299 for its proportionate share of the HIS Plan's net pension liability. The net pension liability for each fiscal year was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation in each year as of July 1. JWB's proportionate share of the net pension liability was based on JWB's contributions relative to the same fiscal year contributions of all participating members of the Board. At September 30, 2017, JWB's proportionate share was 0.012020609% which was a decrease of 0.000569414% from its proportionate share of 0.012590023% measured as of September 30, 2016.

For the fiscal year ended September 30, 2017, JWB recognized pension expense of \$23,949. In addition, JWB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,676
Change of assumptions	180,669	111,141
Net difference between projected and actual earnings on Pension Plan investments	713	-
Changes in proportion and differences between JWB's Pension Plan contribution and proportionate share of contributions	13,170	61,058
JWB's Pension Plan contribution subsequent to the measurement date	17,959	-
Total	<u>\$ 212,511</u>	<u>\$ 174,875</u>

The deferred outflows of resources related to the HIS Plan, totaling \$17,959 resulting from JWB's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Years Ending September 30,	Amount
2018	\$ 14,411
2019	14,277
2020	14,212
2021	8,990
2022	(483)
Thereafter	(31,730)

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 11—Retirement (continued)

Actuarial Assumptions – The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.58%

Mortality rates were based on the Generational RP-2000 with Projected Scale BB, tables.

The HIS program is funded on a pay-as-you go bases, as such, no experience study has been completed for that program.

Discount Rate – The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of JWB's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents JWB's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what JWB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Decrease 4.58%
JWB's proportionate share of the net pension liability	\$ 1,466,696	\$ 1,285,299	\$ 1,134,205

HIS Plan Fiduciary Net Position – Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan – At September 30, 2017, JWB reported no payables for the outstanding amount of contributions to the HIS Plan.

Investment Plan – The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

JUVENILE WELFARE BOARD

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

Note 11—Retirement (continued)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. JWB employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2016-17 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class--5.80%, Special Risk Administrative Support class--26.34%, Special Risk class--20.85%, Senior Management Service class-- 20.05%, and County Elected Officers class--40.75%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to JWB.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

JWB's Investment Plan pension expense totaled \$84,847 for the fiscal year ended September 30, 2017.

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 \$93,039 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, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016)

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, 2017.

Assigned – amounts JWB intends to use for a specific purpose but are neither restricted nor committed. JWB has no assigned fund balance.

- 1) The fiscal 2017 Budget Resolution by the Board in September 2017 appropriated the amount of \$5,200,151 from the fiscal 2017 year fund balance for expenditures authorized in excess of anticipated revenue during fiscal year 2018.
- 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 assigned in the General Fund balance for purposes of the H. Browning Spence Education Award Fund. As of September 30, 2017, the amount assigned is \$6,318.
- 3) PCMS receives and administers federal, state and local grants and other funds. The net position is assigned.

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 \$10,159,374. The remaining unassigned fund balance \$7,282,258.

Note 13—Implementation of new pronouncements

In August, 2015, the GASB issued statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about those agreements. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual entity in which the government promises to forgo tax revenues, and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. Disclosure requirements include: 1) descriptive information such as the tax being abated, authority and eligibility criteria, provisions for recapturing abated taxes, and types of commitments made by the tax abatement recipients, 2) gross dollar amount of taxes abated during the fiscal year, and 3) other commitments made by the government other than to abate taxes, as part of the agreement. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The implementation of this pronouncement did have impact the financial statements of the Juvenile Welfare Board. Per the Pinellas County CAFR for September 30, 2017, “the implementation of this pronouncement did not have an impact on the financial statements”.

Note 14—Subsequent events

Management has evaluated subsequent events from October 1, 2017 to April 5, 2018, 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, 2017*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property taxes, net	\$ 59,483,783	\$ 59,483,783	\$ 57,972,153	\$ (1,511,630)
Fees	22,000	22,000	21,539	(461)
Grant and contribution revenue	276,000	276,000	231,974	(44,026)
Investment income, net	75,000	75,000	301,537	226,537
Other	-	-	30,676	30,676
Total Revenues	<u>59,856,783</u>	<u>59,856,783</u>	<u>58,557,879</u>	<u>(1,298,905)</u>
Expenditures:				
Current:				
Administration	7,407,034	7,407,034	6,446,351	960,683
Children and family programs:				
School Readiness	9,590,116	9,875,898	9,664,099	211,799
School Success	14,578,131	14,928,385	14,269,889	658,496
Prevention of Child Abuse and Neglect	20,900,579	21,718,969	20,926,444	792,525
Strengthening Communities	7,297,347	6,036,734	4,282,056	1,754,678
Nonoperating	2,683,036	2,683,036	761,719	1,921,317
Capital outlay	-	-	315,337	(315,337)
Total Expenditures	<u>62,456,243</u>	<u>62,650,056</u>	<u>56,665,895</u>	<u>5,984,162</u>
Net change in fund balance	<u>\$ (2,599,460)</u>	<u>\$ (2,793,273)</u>	<u>1,891,984</u>	<u>\$ 4,685,258</u>
Other Financing Sources:				
Transfers out			(1,039,676)	
Capital lease			-	
Excess of revenues over expenditures and other sources			852,308	
Fund balance – beginning of year			21,888,832	
Fund balance – end of year			<u>\$ 22,741,140</u>	

JUVENILE WELFARE BOARD**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN***LAST 10 FISCAL YEARS*

	2017*	2016*	2015*	2014*
JWB's proportion of the net pension liability	0.0080%	0.0080%	0.0009%	0.0008%
JWB's proportionate share of the net pension liability	\$ 2,357,887	\$ 2,020,729	\$ 1,124,282	\$ 548,929
JWB's covered-employed payroll	\$ 1,966,700	\$ 2,008,263	\$ 1,862,948	\$ 1,782,311
JWB's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	120%	101%	60%	31%
FRS Plan fiduciary net position as a percentage of the total pension liability	84%	85%	92%	96%

* Represents the measurement date as of June 30th

Note: Data was unavailable prior to 2014

JUVENILE WELFARE BOARD
SCHEDULE OF CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM

LAST 10 FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	\$ 205,697	\$ 215,802	\$ 206,497	\$ 248,389
Contribution in relation to the contractually required contribution	205,697	215,802	206,497	248,389
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
JWB's covered-employee payroll	\$ 1,965,631	\$ 2,017,819	\$ 1,949,293	\$ 1,750,988
Contributions as a percentage of covered-employee payroll	10%	11%	11%	14%

Note: Data was unavailable prior to 2014

JUVENILE WELFARE BOARD

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – HEALTH INSURANCE SUBSIDY PENSION PLAN

LAST 10 FISCAL YEARS

	2017*	2016*	2015*	2014*
JWB's proportion of the net pension liability	0.012%	0.013%	0.012%	0.012%
JWB's proportionate share of the net pension liability	\$ 1,285,299	\$ 1,467,315	\$ 1,264,180	\$ 1,167,904
JWB's covered-employed payroll	\$ 3,731,209	\$ 3,790,812	\$ 3,677,369	\$ 3,110,865
JWB's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	34%	39%	34%	38%
FRS Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

* Represents the measurement date as of June 30th

Note: Data was unavailable prior to 2014

JUVENILE WELFARE BOARD
SCHEDULE OF CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN

LAST 10 FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	\$ 64,396	\$ 66,340	\$ 51,073	\$ 53,933
Contribution in relation to the contractually required contribution	64,396	66,340	51,073	53,933
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
JWB's covered-employee payroll	\$ 3,802,413	\$ 3,898,322	\$ 3,708,773	\$ 3,687,321
Contributions as a percentage of covered-employee payroll	1.7%	1.7%	1.4%	1.5%

Note: Data was unavailable prior to 2014

OTHER SUPPLEMENTARY INFORMATION

JUVENILE WELFARE BOARD**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL**

YEAR ENDED SEPTEMBER 30, 2017

Source	Balance as of the 2015-16 Fiscal Year	Amount Received In the 2016-17 Fiscal Year	Amount Expensed to Date	Balance as of the 2016-17 Fiscal Year
British Petroleum:				
Agreement No. Not Applicable	\$ 107,043	\$ 1,070	\$ -	\$ 108,113

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. JWB did not receive funds that were considered Federal funds or State financial assistance related to the Deepwater Horizon Oil Spill

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, 2017, and the related notes to the financial statements, which collectively comprise JWB's basic financial statements, and have issued our report thereon dated April 5, 2018.

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
April 5, 2018

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 ("JWB") as of and for the year ended September 30, 2017, and have issued our report thereon dated April 5, 2018.

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; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

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 on Independent Accountant on Compliance with Local Government Investment Policies regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 5, 2018, 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 financial audit report. There were no findings or recommendations 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 and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 to identify 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 for JWB. It is management's responsibility to monitor the JWB's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for JWB for the fiscal year ended September 30, 2017, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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
April 5, 2018

**Report of Independent Accountant on Compliance
with Local Government Investment Policies**

Members of the Board
Juvenile Welfare Board of Pinellas County

We have examined the Juvenile Welfare Board of Pinellas County ("JWB") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017. Management of JWB is responsible for JWB's compliance with the specified requirements. Our responsibility is to express an opinion on JWB's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether JWB complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether JWB complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on JWB's compliance with the specified requirements.

In our opinion, JWB complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.

Cherry Bekaert LLP

Tampa, Florida
April 5, 2018