



Children's Board
HILLSBOROUGH COUNTY

Dreams Worth Growing

FINANCIAL STATEMENTS
September 30, 2009 and 2008

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
Tampa, Florida

FINANCIAL STATEMENTS
September 30, 2009 and 2008

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Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Children's Board of Hillsborough County
Tampa, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of the Children's Board of Hillsborough County (the Children's Board) as of September 30, 2009 and 2008, and for the years then ended, which collectively comprise the Children's Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Children's Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Children's Board as of September 30, 2009 and 2008, and the respective changes in financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2010, on our consideration of the Children's Board'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* and should be read in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 12 and pages 39 and 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Crowe Horwath LLP

March 11, 2010
Tampa, Florida

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

The Children's Board of Hillsborough County's (the Children's Board) Management Discussion and Analysis (MD&A) provides a financial performance review that is designed to focus on the financial activities, resulting changes, and currently known facts for the fiscal year ended on September 30, 2009. Please read it in conjunction with the accompanying presented financial statements.

Financial Highlights

- The Hillsborough County ad valorem property tax base decreased \$3.7 billion or 4.2 percent from fiscal year 2008 to 2009 because of the effects of constitutional Amendment one changes to homestead entitlements. Total net ad valorem revenue increased \$1.4 million or 3.4 percent, based on tax year ended December 31, 2009 as the millage rate.
- Intergovernmental, Local Grants, and Other Revenue, the categories that measure revenue maximizing activity increased \$1.3 million or 62.2 percent. This is due primarily to additional contributions to the Administrative Services Organization (ASO). In addition, the Children's Board now earns Targeted Case Management revenue directly from the State.
- The State of Florida Business Administration (SBA) and the Local Government Investment Fund (LGIF) reported a net asset value loss of 54.9 percent to governmental fund shareholders in classification Fund B at September 30, 2009. The reporting requirements of the Governmental Accounting Standards Board (GASB) and pronouncement number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", required the recognition of an unrealized loss of \$125,926 in LGIF investments for fiscal year 2009. The total unrealized loss to date is \$271,277.
- Appropriations for provider programs increased \$2.9 million or 9.3 percent for fiscal year 2009, for a total of \$34,602,818, as ad valorem revenue increased a lesser rate of 3.4 percent.
- Governmental Fund Net Assets increased \$0.8 million or 4.6 percent for fiscal year 2009 as expenditures were under budget due to encumbrances that existed to be appropriated in fiscal year 2009, and reductions of expenditures put in place to prepare for future decreases in revenue.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities and Changes in Fund Net Assets (hereinafter Statement of Activities) on pages 13 and 14 provide information about the activities of the Children's Board as a whole and present a long-term view of the Children's Board's finances. Governmental Fund financial statements start on page 16. For governmental activities, these statements explain how the services were financed in the short term as well as what remains for future spending.

The Governmental Fund financial statements provide both long-term and short-term information about the Children's Board's overall financial position. The Government-Wide and Governmental Fund statement presentations allow the users to address relevant questions concerning the basis of comparison from year to year or government to government and the Children's Board's accountability.

Overview of the Financial Statements

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information about the Children's Board activities in a way that helps to evaluate the it's economic and financial position. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the method of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Children's Board's net assets and changes in them. Net assets are the difference between assets and liabilities. An increase in net assets happens when revenue for the year exceeds expenditures. During the fiscal year 2009 a decision was made to continue research for conservative and efficient spending methods which allows net assets to increase. This decision was made because of the uncertainty of the property tax base in the future.

In the Statement of Net Assets (Table 1) and the Statement of Activities (Table 2) Children's Board's basic services are considered governmental activities, including the programs funded by grants. Appropriation funding includes property taxes and state and federal grants to finance these activities.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

Table 1
Statements of Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets:			
Current and other assets	\$ 6,703,517	\$ 8,233,380	\$ 6,663,907
Designated assets	17,162,605	14,664,322	12,422,869
Capital assets (net)	<u>5,379,214</u>	<u>5,330,988</u>	<u>5,509,356</u>
Total assets	<u>\$ 29,245,336</u>	<u>\$ 28,228,690</u>	<u>\$ 24,596,132</u>
Liabilities:			
Current and other liabilities	\$ 6,165,775	\$ 6,409,025	\$ 4,990,630
Net Assets:			
Invested in capital assets	5,379,214	5,330,988	5,509,356
Unrestricted	<u>17,700,347</u>	<u>16,488,677</u>	<u>14,096,146</u>
Total net assets	<u>23,079,561</u>	<u>21,819,665</u>	<u>19,605,502</u>
Total liabilities and net assets	<u>\$ 29,245,336</u>	<u>\$ 28,228,690</u>	<u>\$ 24,596,132</u>

Total Designated Assets increased \$2.5 million and 17.0 percent for increases in future appropriation commitments. Total net assets increased \$1.3 million due to operations and appropriations that did not occur and efficiencies as discussed above. Some additional appropriations will be encumbered in fiscal year 2010.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

Table 2
Statements of Activities:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government expenses:			
Government expenses and other	\$ 8,451,935	\$ 8,518,905	\$ 8,156,083
Program expenditures	34,073,909	31,661,519	28,328,202
Depreciation expense	<u>229,230</u>	<u>220,105</u>	<u>207,362</u>
Total government expenses	42,755,074	40,400,529	36,691,647
Program revenues:			
Operating grants and contributions	2,713,724	1,008,538	531,644
General revenues:			
Ad valorem taxes	40,232,475	39,643,357	38,256,754
Interest income	285,953	815,553	1,371,204
Other miscellaneous revenue	<u>782,818</u>	<u>1,147,244</u>	<u>958,938</u>
Total general revenues	<u>41,301,246</u>	<u>41,606,154</u>	<u>40,586,896</u>
Total revenue	<u>44,014,970</u>	<u>42,614,692</u>	<u>41,118,540</u>
Change in net assets	1,259,896	2,214,163	4,426,893
Net assets - beginning of year	<u>21,819,665</u>	<u>19,605,502</u>	<u>15,178,609</u>
Net assets - end of year	<u>\$ 23,079,561</u>	<u>\$ 21,819,665</u>	<u>\$ 19,605,502</u>

The Statement of Activities shows the effect of capitalization of infrastructure and fixed assets and other nominal differences (Table 2) as time-related depreciable elements and expenses that the Governmental Fund (page 18) treats as expended in the period that the asset is acquired.

Total government expenses increased \$2.4 million and 5.8 percent for the fiscal period. Total program expenditures increased 7.6 percent while depreciation expense increased 4.2 percent.

Total revenues increased \$1.4 million over the prior year due to increases in the Children's Board's approved millage rate from 4.634 to .5000 mills per \$1,000 property value and revenues from federal, state and local grants that increased 1.2 million and 119.6 percent.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

Governmental Fund Financial Statements

The Governmental Fund financial statements starting on page 15 focuses on the individual parts of the Children's Board's activities and reports the Children's Board's operations in other detail than the Government-Wide statements.

The traditional users of government financial statements will find the Governmental Fund financial statement presentation more familiar. The Children's Board uses only a Government Fund category and does not have any proprietary or fiduciary funds activity.

Governmental Fund - The Children's Board's basic services are reported in a Governmental Fund. This focuses on cash and other financial assets that can readily be converted to cash and the balances left at year-end that are available for spending. Consequently, the Governmental Fund statements provide a detailed short-term view that helps the readers determine whether there are financial resources available to finance the Children's Board's basic services in the near future. Because this information does not encompass the additional long-term focus of the Government-Wide financial statements, we describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Fund in a reconciliation following the fund financial statements.

Summary of Balance Sheet

The Governmental Fund Balance Sheet on page 15 presents information on the Children's Board's assets and liabilities and the combined fund balance. The fund balance increased to \$17.8 million from \$17.0 million because of the increase in governmental activities described below.

Unassigned fund balances, the part of the fund balance that can be used to finance day-to-day operations without constraints and established by the Children's Board Board of Directors changed from \$1.8 million at September 30, 2008 to \$0.0 million at the end of the current year 2009. This decrease of \$1.8 million in non-reserved governmental assets is a result of increased future commitments of \$2.5 million in appropriations that will occur in future periods. A portion of the budgeted fiscal year 2009 expenditures will be appropriated and encumbered in fiscal year 2010. The Children's Board has separately detailed accumulated cash balances for reserved net assets at \$2.2 million. This amount is an approximate amount needed for the first two months of business activity each fiscal year when tax receipts are ordinarily slow or not received and Building Contingencies.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

Statement of Revenues, Expenditures and Changes in Fund Balance

The Statement of Revenue, Expenditures and Changes in Fund Balance is exclusive of any Special Revenue Funds for fiscal year 2009.

For fiscal year ended September 30, 2009, the actual revenues from the Governmental Fund totaled \$44.0 million. The ad valorem tax revenues, the Children's Board's largest revenue source was \$40.2 million while the operating grants, contributions, and other revenue totaled \$3.8 million.

The expenditures for governmental activities totaled \$43.2 million and includes a 3.0 percent market equity adjustment for provider continuation contracts.

The Children's Board's total revenues increased by \$1.5 million from \$42.6 million to \$44.0 million or 3.3 percent from fiscal year 2008 to fiscal year 2009. The total expenditures for all programs and services increased by \$2.5 million from \$40.2 million to \$43.2 million or 7.6 percent.

Ad valorem revenue generation increased \$0.6 million for the Children's Board because the decrease in property taxable value administered by the Hillsborough County property appraiser's office was more than offset by the Board-approved millage rate increase from .4634 to .5000.

The cost of all governmental activities this year was \$43.2 million compared to \$40.2 million last year. However, as shown in the Governmental Fund statement of activities, the amount that our taxpayers ultimately financed for these activities through ad valorem taxes was only \$36.4 million because \$3.8 million was used from funds by other governments, organizations, and interest that subsidized specific programs with intergovernmental and local grants and contributions. Overall, the Children's Board's operating intergovernmental grants and contributions increased in 2009 from \$2.2 million to \$3.5 million.

At year-end 2009, the Children's Board's general fund reported \$17.8 million in fund balance, which is an increase of \$0.8 million or 4.6 percent change from fiscal year 2008.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

Table 3
General Fund Budgetary Highlights:

	Original Budget <u>2009</u>	Amended Budget <u>2009</u>	Actual Budget <u>2009</u>
Revenues			
Taxes	\$ 39,930,944	\$ 39,930,944	\$ 40,232,475
Intergovernmental	1,448,280	1,448,280	2,214,606
Others	<u>1,771,463</u>	<u>1,771,463</u>	<u>1,567,889</u>
Total revenues	43,150,687	43,150,687	44,014,970
Expenditures			
Personnel	5,389,634	5,186,877	5,072,536
Operational expenses	3,362,498	3,368,788	3,263,923
Capital equipment and expenditures	61,500	369,768	290,657
Program expenses	<u>35,161,550</u>	<u>35,911,904</u>	<u>34,602,818</u>
Total expenditures	<u>43,975,182</u>	<u>44,837,337</u>	<u>43,229,934</u>
Change to fund balance	<u>\$ (824,495)</u>	<u>\$ (1,686,650)</u>	<u>\$ 785,036</u>

General Fund Budget Comparison

Total revenue exceeded expenditures by \$0.8 million in the general fund for fiscal year 2009 – as shown in Table 3.

Total actual general fund revenues were \$0.9 million and 2.0 percent more than original and revised budgeted revenues for fiscal year 2009. Budget amendments for encumbrances amounting to \$0.9 million were made during the year to increase appropriations for encumbered contracts and vendors from the prior year. The fiscal year 2008 encumbrances were appropriated from the unreserved general fund balance into the fiscal year 2009 budget. Even with these adjustments, the actual expenditures were \$1.6 million below the amended budget amounts due to decreased program and operations expenditures.

The Children's Board's general fund balance change of \$0.8 million reported (Table 3) differs from the original general fund's budgeted fund balance change of \$(0.8) million reported in the original budget comparison schedule. This is principally because of the planned reductions in both program and operating expenditures in order to prepare for future years reductions in property tax revenue.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The Children's Board has established a fixed asset amount of \$5,000 and greater as the threshold to recognize capitalized assets.

At the end of the fiscal year 2009, the Children's Board had \$6,714,139 invested in a variety of capital assets, which represents an increase of \$272,833 or 4.2 percent from the year 2008.

Table 4
Change in Capital Assets

	<u>Balance</u> <u>9/30/2008</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>9/30/2009</u>
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Construction-in-progress	15,830	-	15,830	-
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	33,175	11,973	-	45,148
Improvements other than building	164,189	250,521	-	414,710
Office equipment	62,796	8,272	-	71,068
Office furniture	125,783	22,520	-	148,303
Computer equipment	<u>226,801</u>	<u>-</u>	<u>4,623</u>	<u>222,178</u>
	6,441,306	293,286	20,453	6,714,139
Less, accumulated depreciation:				
Building-Palm Avenue	696,363	157,667	-	854,030
Improvements	14,533	5,357	-	19,890
Improvements other than building	76,622	22,384	-	99,006
Office equipment	51,877	5,053	-	56,930
Office furniture	80,795	20,540	-	101,335
Computer equipment	<u>190,128</u>	<u>18,229</u>	<u>4,623</u>	<u>203,734</u>
	<u>1,110,318</u>	<u>229,230</u>	<u>4,623</u>	<u>1,334,925</u>
Capital assets, net	<u>\$ 5,330,988</u>	<u>\$ 64,056</u>	<u>\$ 15,830</u>	<u>\$ 5,379,214</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

LONG-TERM DEBT

At September 30, 2009, the Children's Board had \$579,617 in long-term debt versus \$477,344 at September 30, 2008, a net change of \$102,273 and 21.4 percent. This obligation is comprised of compensatory vacation, sick leave and pension liabilities accrued. The net change consists of additions which occurred when additional leave was accrued, and deletions which occurred when leaves were used.

Section 125.901(3)(a)6, Florida Statutes, (as it existed prior to October 1, 1990) states that the Children's Board has the power and duty to lease or buy such real estate, equipment, and personal property and to construct such buildings as are needed to execute the foregoing powers and duties, provided that no such purchases shall be made or building done except for cash with funds on hand.

More detail information on capital assets and long-term debt are provided in notes 3, 4, and 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Children's Board considered many factors when setting the fiscal year 2009 budget and millage rates. The Children's Board promotes the well-being of children and families by uniting community partners, investing in innovative opportunities, and leading the county in best practices—so the whole community can realize its full potential. The organization targets programs and services for children 0-8 years old and maintains a higher level strategic focus of 3rd Grade literacy for all children, a leading indicator for many social and societal issues dealt with later in life, including poverty and crime. The strategic focus is supported by promoting healthy births, improving school readiness, providing quality out of school activities and helping families succeed.

The Children's Board strategically funds services, personnel, programs, and supports proven to improve the lives of children and families. These programs and services target the prevention and early intervention of adverse conditions for children. CBHC also funds research, training, technical assistance, capacity building, neighborhood initiatives and advocacy activities to create positive community conditions that benefit children and families. The CBHC identifies child, family, and community needs; determines the best programs and services to fund; selects and contracts with the best program/service providers; and monitors program performance. The Children's Board evaluates the impact of its programs and participates in service and systems planning. Fiscal and staff support is provided for technical assistance and training to support providers and child advocates to improve delivery systems; build and maintain infrastructure; and promote family-friendly advocacy and policy development.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2009

The Hillsborough County Property Appraiser's Office reassessed just values for market value reductions on the 2009 tax rolls presented to the taxing authorities. Accordingly, ad valorem revenues for the Children's Board are budgeted to decrease by an additional \$5.0 million and total \$34.9 million for fiscal year 2010.

The continuation of the strategic plan and current economic conditions was considered when adopting the general fund budget for 2010. The amount available for appropriations in the general fund budget for fiscal year 2010 is \$34.9 million, a net decrease of 12.5 percent over the final 2009 original budget of \$39.9 million. Ad valorem revenues for fiscal year 2010 are projected to decrease 13.1 percent over fiscal year 2009 actual revenues. The Children's Board will appropriate \$3.9 million from fund balances to finance programs currently funded.

Contacting the Children's Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Children's Board's finances and to demonstrate the Children's Board's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact:

Donald L. Dixon, Chief Operating Officer
Children's Board of Hillsborough County
1002 E. Palm Avenue
Tampa, Florida 33605
Telephone (813) 229-2884
or visit the Children's Board's web site at
www.childrensboard.org



Children's Board
HILLSBOROUGH COUNTY

Dreams Worth Growing

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENTS OF NET ASSETS
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents and investments (Note 2)	\$ 5,268,513	\$ 7,127,830
Receivables:		
Ad valorem taxes	430,679	401,475
Other	995,490	692,440
Total receivables	<u>1,426,169</u>	<u>1,093,915</u>
Prepaid expenditures	8,835	11,635
Designated assets (Note 2):		
Cash and cash equivalents:		
Future commitments	14,711,236	12,261,165
Minimum operational expenditures	2,151,369	2,203,157
Building contingency fund	300,000	200,000
Total designated assets	<u>17,162,605</u>	<u>14,664,322</u>
Capital assets (Note 3):		
Land	1,082,724	1,082,724
Property and equipment	5,631,415	5,342,752
Construction in progress	-	15,830
	<u>6,714,139</u>	<u>6,441,306</u>
Less accumulated depreciation	<u>(1,334,925)</u>	<u>(1,110,318)</u>
Net capital assets	<u>5,379,214</u>	<u>5,330,988</u>
	<u>\$ 29,245,336</u>	<u>\$ 28,228,690</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 238,593	\$ 365,352
Contracts payable	3,475,263	4,510,273
Accrued salaries, wages and benefits	363,896	300,942
Accrued compensated absences (Note 5)	579,617	477,344
Other payables and deferrals	1,508,406	755,114
Total liabilities	<u>6,165,775</u>	<u>6,409,025</u>
Net assets:		
Invested in net capital assets	5,379,214	5,330,988
Unrestricted	17,700,347	16,488,677
Total net assets	<u>23,079,561</u>	<u>21,819,665</u>
	<u>\$ 29,245,336</u>	<u>\$ 28,228,690</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENTS OF ACTIVITIES
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
General government expenses:		
Salaries, wages, and benefits (Note 4)	\$ 5,174,810	\$ 5,040,813
Operational expenses	683,538	960,301
Program expenditures	34,073,909	31,661,519
Other expenditures	2,593,587	2,517,791
Depreciation (Note 3)	<u>229,230</u>	<u>220,105</u>
Total government expenses	42,755,074	40,400,529
Program revenues:		
Federal/State DCF Grant Funds	1,908,788	749,793
Human Services Grants-Local	<u>804,936</u>	<u>258,745</u>
Total program revenues	2,713,724	1,008,538
General revenues:		
Ad valorem taxes	40,232,475	39,643,357
Interest income	285,953	815,553
Miscellaneous	<u>782,818</u>	<u>1,147,244</u>
Total general revenues	<u>41,301,246</u>	<u>41,606,154</u>
Total revenues	<u>44,014,970</u>	<u>42,614,692</u>
NET REVENUE	1,259,896	2,214,163
NET ASSETS - beginning of year	<u>21,819,665</u>	<u>19,605,502</u>
NET ASSETS - end of year	<u>\$ 23,079,561</u>	<u>\$ 21,819,665</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
BALANCE SHEET - GOVERNMENTAL FUND
September 30, 2009

	<u>General</u> <u>Fund</u>	<u>Total</u> <u>(Memorandum Only)</u>
ASSETS		
Cash and cash equivalents and investments (Note 2)	\$ 5,268,513	\$ 5,268,513
Receivables:		
Ad valorem taxes	430,679	430,679
Other	466,583	466,583
Prepaid expenditures	8,835	8,835
Designated assets (Note 2):		
Cash and cash equivalents:		
Future commitments	14,711,236	14,711,236
Minimum operational expenditures	2,151,369	2,151,369
Building contingency fund	<u>300,000</u>	<u>300,000</u>
	<u>\$ 23,337,215</u>	<u>\$ 23,337,215</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 238,593	\$ 238,593
Contracts payable	3,475,263	3,475,263
Accrued salaries, wages and benefits	363,896	363,896
Other payables and deferrals (Note 6)	<u>1,508,406</u>	<u>1,508,406</u>
Total liabilities	5,586,158	5,586,158
Fund balances		
Nonspendable fund balance:		
Prepaid expenditures	8,835	8,835
Compensatory absences	579,617	579,617
Committed fund balance:		
Building infrastructure contingency	300,000	300,000
Assigned fund balance:		
Future commitments of current programs	14,711,236	14,711,236
Future minimal operational expenditures	2,151,369	2,151,369
Unassigned fund balance:		
Unassigned funds	<u>-</u>	<u>-</u>
Total fund balance	<u>17,751,057</u>	<u>17,751,057</u>
	<u>\$ 23,337,215</u>	<u>\$ 23,337,215</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
BALANCE SHEET - GOVERNMENTAL FUND
September 30, 2008

	<u>General</u> <u>Fund</u>	<u>Total</u> <u>(Memorandum Only)</u>
ASSETS		
Cash and cash equivalents and investments (Note 2)	\$ 7,127,830	\$ 7,127,830
Receivables:		
Ad valorem taxes	401,475	401,475
Other	692,440	692,440
Prepaid expenditures	11,635	11,635
Designated assets (Note 2):		
Cash and cash equivalents:		
Future commitments	12,261,165	12,261,165
Minimum operational expenditures	2,203,157	2,203,157
Building contingency fund	200,000	200,000
	\$ 22,897,702	\$ 22,897,702
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 365,352	\$ 365,352
Contracts payable	4,510,273	4,510,273
Accrued salaries, wages and benefits	300,942	300,942
Other payables and deferrals	755,114	755,114
Total liabilities	5,931,681	5,931,681
Fund balances		
Nonspendable fund balance:		
Prepaid expenditures	11,635	11,635
Compensatory absences	477,344	477,344
Committed fund balance:		
Building infrastructure contingency	200,000	200,000
Assigned fund balance:		
Future commitments of current programs	12,261,165	12,261,165
Future minimal operational expenditures	2,203,157	2,203,157
Unassigned fund balance:		
Unassigned funds	1,812,720	1,812,720
Total fund balance	16,966,021	16,966,021
	\$ 22,897,702	\$ 22,897,702

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
RECONCILIATION OF TOTAL GOVERNMENT FUNDS BALANCE
TO THE STATEMENTS OF NET ASSETS
September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Total governmental fund balance	\$ 17,751,057	\$ 16,966,021
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	5,379,214	5,330,988
Certain deferred reimbursements that do not provide current financial resources are not recognized as reimbursements in the governmental funds but are included in the statement of activities.	528,907	-
Accrual of compensated absences used in governmental activities are not reported in the fund because they are not due and payable in the current period.	<u>(579,617)</u>	<u>(477,344)</u>
Net assets of governmental activities	<u>\$ 23,079,561</u>	<u>\$ 21,819,665</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
Year ended September 30, 2009

	General Fund	Total (Memorandum Only)
Operating revenues:		
Ad valorem taxes	\$ 40,232,475	\$ 40,232,475
Interest income	285,953	285,953
Intergovernmental - Federal/State	1,769,464	1,769,464
Local grants	944,260	944,260
Other	782,818	782,818
Total revenues	44,014,970	44,014,970
Operating expenditures:		
General government -		
Personnel	5,072,536	5,072,536
Operational	670,336	670,336
Other	2,593,587	2,593,587
Total general government	8,336,459	8,336,459
Program funding:		
Continuation programs		
Infrastructure programs	14,470,329	14,470,329
Direct Service programs	4,216,524	4,216,524
Match/Leveraging programs	13,030,182	13,030,182
Out of School Time/Summer	994,873	994,873
Other Continuation programs	93,930	93,930
New Program Funding		
Match/Leveraging programs	218,770	218,770
Analysis	243,393	243,393
Technical Assistance	-	-
Out of School Time/Summer	-	-
Other Programs Administrative Related	1,334,817	1,334,817
Total program funding	34,602,818	34,602,818
Capital equipment and expenditures	290,657	290,657
Total expenditures	43,229,934	43,229,934
Net change in fund balance	785,036	785,036
Fund balance, beginning of year	16,966,021	16,966,021
Fund balance, end of year	\$ 17,751,057	\$ 17,751,057

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
Year ended September 30, 2008

	<u>General Fund</u>	<u>Total (Memorandum Only)</u>
Operating revenues:		
Ad valorem taxes	\$ 39,643,357	\$ 39,643,357
Interest income	815,553	815,553
Intergovernmental - Federal/State	749,793	749,793
Local grants	258,745	258,745
Other	<u>1,147,245</u>	<u>1,147,245</u>
Total revenues	42,614,693	42,614,693
Operating expenditures:		
General government -		
Personnel	4,995,649	4,995,649
Operational	910,456	910,456
Other	<u>2,517,793</u>	<u>2,517,793</u>
Total general government	8,423,898	8,423,898
Program funding:		
Continuation programs		
Infrastructure programs	12,860,831	12,860,831
Direct Service programs	4,168,637	4,168,637
Match/Leveraging programs	10,155,170	10,155,170
Out of School Time/Summer	993,669	993,669
Other Continuation programs	771,605	771,605
New Program Funding		
Match/Leveraging programs	269,341	269,341
Analysis	618,381	618,381
Technical Assistance	152,063	152,063
Out of School Time/Summer	342,898	342,898
Other Programs Administrative Related	<u>1,328,924</u>	<u>1,328,924</u>
Total program funding	31,661,519	31,661,519
Capital equipment and expenditures	<u>91,581</u>	<u>91,581</u>
Total expenditures	<u>40,176,998</u>	<u>40,176,998</u>
Net change in fund balance	2,437,695	2,437,695
Fund balance, beginning of year	<u>14,528,326</u>	<u>14,528,326</u>
Fund balance, end of year	<u>\$ 16,966,021</u>	<u>\$ 16,966,021</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO STATEMENTS OF ACTIVITIES
 Years ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Net change in fund balance - total governmental funds	\$ 785,036	\$ 2,437,695
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Compensatory absences not recognized as Governmental Funds costs	(102,273)	(45,164)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	48,226	(178,368)
Certain deferred reimbursements that do not provide current financial resources are not recognized as reimbursements in the governmental funds but are included in the statement of activities.	<u>528,907</u>	<u>-</u>
Change in net assets of governmental activities	<u>\$ 1,259,896</u>	<u>\$ 2,214,163</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity: The Children's Board of Hillsborough County (the Children's Board) is authorized under section 125.901, Florida Statutes (Chapter 86-197, Laws of Florida). The Children's Board was established as an independent special district by the approval of county voters in 1988 and the effective date of the creation of the Children's Board was January 1, 1989. As authorized in Section 31 of Chapter 90-288, Laws of Florida, the Children's Board operates under the provisions of section 125.901, Florida Statutes, as they existed prior to October 1, 1990.

The mission of the Children's Board is to promote the well-being of children and families by uniting community partners, investing in innovative opportunities, and leading the county in best practices - so the whole community can realize its full potential.

The Children's Board strategically funds services, personnel, programs, and supports proven to improve the lives of children and families. These programs and services target the prevention and early intervention of adverse conditions for children. CBHC also funds: research, training, technical assistance, capacity building, neighborhood initiatives and advocacy activities to create positive community conditions that benefit children and families.

The CBHC identifies child, family, and community needs; determines the best programs and services to fund; selects and contracts with the best program/service providers; and monitors program performance. The CBHC evaluates the impact of its programs and participates in service and systems planning.

Healthy births, school readiness, and early school success comprise the CBHC tactical portfolio. Fiscal and staff support is provided for technical assistance and training to support program providers and child advocates to improve delivery systems; build and maintain infrastructure; and promote family-friendly advocacy and policy development.

The Children's Board provides funding for various agencies in the form of written contracts. Each agency funded by the Children's Board is financially independent of the Children's Board. The Children's Board has no authority to appoint or hire management of the agencies, nor does it have responsibility for routine operations of the agencies. Based upon application of these factors, it has been concluded that the Children's Board has no oversight responsibility for the various funded agencies, and therefore, the financial statements of the various funded agencies are excluded for the reporting entity.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Children's Board has been determined to be an "Independent Special District" as described in Section 189.403, Florida Statutes, and is an "Other Stand-Alone Government" as defined by Governmental Accounting Standards Board (GASB) of the Financial Accounting Foundation Statement No. 39, *The Financial Reporting Entity*. An Other Stand-Alone Government does not have a separately elected governing body and does not meet the definition of a component unit of a primary government, as defined. The Children's Board is authorized to levy an ad valorem tax of up to one-half mil (\$.0005) on the taxable value of real and tangible personal property within the jurisdiction of its members. The Children's Board's ad valorem taxes are assessed as part of the annual assessment of Hillsborough County, which levies its taxes November 1 of each year. Collection of taxes is scheduled for November through the following March. Taxes become delinquent April 1 and tax certificates placing liens on the property are sold May 31.

The significant accounting policies followed are described below.

Basis of Accounting and Presentation: The financial statements of the Children's Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and reporting principles.

Government-Wide Financial Statements: The statement of net assets and the statement of activities display information on all of the nonfiduciary activities of the Children's Board as a whole.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the way governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Governmental Fund Financial Statements: The financial transactions of the Children's Board are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Children's Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due and executed.

When both assigned and unassigned resources are available for use, it is the Children's Board's policy to use assigned resources first, and then unassigned resources as they are needed.

Property taxes are recorded as revenue during the fiscal year for which the taxes are levied, and are recognized when they become available.

The General Fund is the general operating fund of the Children's Board. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There was not any Special Revenue Funds established in fiscal year 2009.

Accounting Pronouncements: In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB followed with Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus, an Amendment to GASB Statements No. 21 and No. 34*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements eliminate the concept of fund balance and introduce the concept of net assets. The Children's Board has adopted these statements for its 2003 financial statements and forward. The difference between the fund balance and the net assets is presented in the *reconciliation of total governmental funds balance to the statement of net assets*.

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations for the Children's Board.
- Financial statements prepared using full accrual accounting for all of the activities of the Children's Board.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict or contradict GASB pronouncements.

Tax-exempt Status: As a governmental unit, the Children's Board is exempt from federal and state income taxes.

Memorandum Only - Total Columns: Columns on the statements which are captioned "Totals - Memorandum Only" are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in fund balances in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates that affect certain reported amounts and disclosures. These estimates are based on management's knowledge and experience. Accordingly, actual results could differ from these estimates.

Budgets: A formal budget is adopted for the general fund on a GAAP basis and is used as a limitation on expenditures. The original version of the budget was approved by the Board of Directors of the Children's Board on September 25, 2008 and became effective on October 1, 2008. After final approval, no reductions or increases are permitted, except for adjustments in the administrative budget, without the approval of the Board of Directors. The Chief Executive Officer is permitted to change the category amounts within the administrative budget by 10% so long as the aggregate administrative budget is not increased. The Chief Executive Officer may, by approval of the funded agency, adjust the line items of program budgets of funded agencies, including the transfer of funds between programs operated by the same agency, provided such transfers does not increase the aggregate allocation to the agency approved by the Board. Appropriations lapse at year-end, and budgetary control is at the fund level.

Cash and Cash Equivalents and Investments: Cash consists of checking accounts, collectively designated as demand deposits. Cash deposits are carried at cost. The Children's Board considers all highly liquid debt instruments (including restricted assets) with original maturities of three months or less to be cash equivalents. Cash equivalents are recorded at amortized cost, which approximates market value. The investments constitute the fair value of the shares in the SBA Fund B and Wachovia Evergreen government securities for fiscal year 2009 and SBA Fund B and Bank of America government securities for fiscal year 2008.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Capital Assets

Capital assets with an original value of \$5,000 or more, and additions, improvements and other capital outlays having an original cost of \$5,000 or more that significantly extend the useful life are capitalized. Capital assets are accounted for in the government-wide statements, rather than in the fund financial statements. Routine maintenance, repairs, renewals and replacement costs are charged against operations.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The depreciation on assets, where disclosed, is provided using the straight-line method over the following estimated useful lives:

Buildings	30 years
Improvements	7 years
Improvements other than building	10 years
Office equipment	5 years
Office furniture	7 years
Computer equipment	3 years

Contracts Payable: Contracts payable represents the Children's Board's liability to funded agencies for expenditures incurred under approved contracts which had not been paid by the Children's Board at year end.

Compensated Absences: Following Hillsborough County's Civil Service Law and pursuant to the Rules of the Civil Service Board, full-time, classified, permanent employees earn a paid vacation of two calendar weeks (10 working days) a year, increasing on a graduated scale to a maximum period of four calendar weeks (20 working days) after 15 years of service. Unclassified employees earn a paid vacation of three calendar weeks (15 working days) a year increasing on a graduated scale to a maximum period of six calendar weeks (30 working days) after 15 years of service.

Prior to February 2, 1997, all employees could accrue vacation without limit for use during the period of active employment, but payments of unused vacation for classified employees generally were limited to two times the number of days that the employee was entitled to accrue on an annual basis. However, effective on February 2, 1997, payments for unused annual leave are now subject to a limit of 320 hours or the employee's balance of accrued leave before February 2, 1997, whichever is greater.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

On February 2, 1997, the Children's Board revised its sick leave policy to create two separate plans. For existing employees electing not to transfer to the new plan, sick leave is accumulated at a rate of approximately 12 working days per year. For those employees transferring to the new plan and all employees hired on or after February 2, 1997, sick leave is accumulated at a rate of approximately eight working days per year. Sick leave may be accumulated without limit with respect to use but may not be paid or converted except as specifically provided by the Rules of the Civil Service Board. Payments for accumulated sick leave are not made until a recognized retirement by specific personnel that made elections prior to February 2, 1997.

In accordance with Statement No. 16 of GASB, *Accounting for Compensated Absences*, the compensated absences liability represents an accrual for vacation and sick leave and is calculated based on the pay or salary rates in effect at the balance sheet date. Additionally, accruals have been made for salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date. The salary-related payments subject to this accrual are those items for which an employer is liable to make a payment directly and incrementally associated with payments made for compensated absences on termination. Accordingly, the Children's Board has recognized 7.65% of the compensated absences liability, representing its share of the Social Security and Medicare taxes. An accrual is also made for the pension cost related to the Florida Retirement Service and the ICMA 457 Plan for compensated absence calculations.

Interfund Activity: Interfund activity is reported as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide financial statements. Transfers occur between the general fund and the special revenue fund in order for the Children's Board to fund particular matching programs. For fiscal years 2009 and 2008 the Children's Board did not have an active interfund special revenue fund.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

New Accounting Standards: Recently, the Governmental Accounting Standards Board (GASB) issued Statement of the Governmental Accounting Standards Board (GASBS) standard No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Early implementation is encouraged. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented. Management has early implemented this standard in the current fiscal year ended September 30, 2009. See footnote 11.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

At September 30, 2009, the bank balance of the Children's Board deposits was \$21,257,781 and the book balance was \$21,098,994. At September 30, 2008, the bank balance of the Children's Board deposits was \$920,019, and the book balance was \$719,557. The difference between the Children's Board book amount and bank amount is due to outstanding checks in its demand accounts.

Of the September 30, 2009 and 2008 Children's Board bank balances, \$250,000 and \$100,000, respectively, was covered by federal depository insurance (FDIC) and \$21,007,781 and \$820,019, respectively, was collateralized by the State of Florida collateral pool. The State of Florida collateral pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if its member institution fails. Required collateral is defined under Chapter 280 of the Florida Statutes, *Security for Public Deposits*.

Custodial Credit Risk - Deposits: Custodial risk is the risk that in the event of bank failure, the Children's Board's deposits may not be returned to it. Florida Statutes require deposits by governmental units in a financial institution be collateralized. The State of Florida maintains control over the collateral requirements and authorizes certain financial institutions to act as depositories for governmental units. The Children's Board's maintains all accounts in financial institutions approved by the State of Florida.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009 and 2008

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments: The investment policy of the Children's Board is established in accordance with Florida Statutes Section 218.415, the Statutory Investment Policy Method. The objective of the investment policy is to ensure protection of principal, provide adequate liquidity and earn a competitive market rate of return. Throughout fiscal year ending September 30, 2008, the Children's Board held \$20,488,920 in the Banc Of America Government Reserves Money Market Account. As part of the transition to Wachovia during fiscal year ended September 30, 2009, the Children's Board began utilizing a Public Funds Interest-Bearing Checking account (PFIC). This was identified as the optimal method, in the current economic environment, to achieve the objectives of the investment policy. The balance in that account on September 30, 2009 was \$21,098,994. Also, to provide diversification of its investments, the Children's Board held \$1,001,697 in Evergreen Investments Institutional US Government Money Market Fund. Effective March 20, 2008, the Children's Board has withdrawn all funds from the Local Government Pool, as they are made available, and deposited these funds into the above mentioned PFIC. The Children's Board continues to monitor the economic environment in order to identify other investment options to maximize attainment of the investment policy objectives.

For fiscal year ended September 30, 2009, the Children's Board transitioned to Wachovia Bank for all banking transactions. As part of that transition, CBHC began utilizing a Public Funds Interest-Bearing Checking account (PFIC). The Children's Board also invested short term surplus funds in Evergreen Investments' Institutional US Government Money Market Fund. The fund is an SEC registered money market fund which normally invests in high-quality money market instruments, with at least 80% of net assets in U.S. government obligations.

At September 30, 2009 the Children's Board's investments, with their corresponding ratings from Standard & Poor's, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Local Government Surplus Funds Trust Fund		
LGIP	\$ 1	AAAm
Fund B	330,425	Unrated
Evergreen Investments	<u>1,001,697</u>	AAAm
	<u>\$ 1,332,123</u>	

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of credit risk:

<u>Issuer</u>	<u>Amount</u>	<u>Percentage of Portfolio</u>
Evergreen Investments	\$ 1,001,697	96.8%
Local Government Surplus Funds Trust Fund	330,426	3.2%

Investment Rate Risk: As a means of limiting its exposure to fair market value losses arising from interest rates, the Children's Board's investment policy is structured to provide sufficient liquidity to pay obligations as they come due. All of the Children's Board's investment portfolios were intended to have maturities of less than one year.

As of September 30, 2009, the Children's Board has the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>Less than 1</u>	<u>1-3</u>	<u>3-5</u>	<u>5-10</u>	<u>10-20</u>
Local Government Surplus Funds Trust						
LGIP	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -
Fund B	330,425	330,425	-	-	-	-
Wachovia Evergreen Money Market Fund	1,001,697	1,001,697	-	-	-	-

As of September 30, 2008, the Children's Board had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>Less than 1</u>	<u>1-3</u>	<u>3-5</u>	<u>5-10</u>	<u>10-20</u>
Banc of America - Government Reserves	\$20,488,920	\$20,488,920	\$ -	\$ -	\$ -	\$ -
Local Government Surplus Funds Trust						
Fund B	582,598	582,598	-	-	-	-
LGIP	1,077	1,077	-	-	-	-

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009 and 2008

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Children's Board places no limit on the amount they may invest in any one issuer. The majority of the Board's investments are in the Wachovia Public Funds Interest-Bearing Checking Account. The reporting requirements of the Governmental Accounting Standards Board (GASB) and pronouncement number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", required the recognition of an unrealized loss of \$125,926 in LGIF investments for fiscal year 2009. The total unrealized loss to date is \$271,277.

Cash and cash equivalents and investments are reported in the accompanying statements of net assets as follows:

	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 5,268,513	\$ 7,127,830
Designated assets:		
Cash and cash equivalents	<u>17,162,605</u>	<u>14,664,322</u>
	<u>\$ 22,431,118</u>	<u>\$ 21,792,152</u>

The statement of net assets classifications are summarized by investment categories as follows:

	<u>2009</u>	<u>2008</u>
Cash	\$ 21,098,994	\$ 719,557
Local Government Surplus Funds Trust		
LGIP A	1	1,077
Fund Investment Fund B	601,703	727,949
Fund B - unrealized loss	(271,277)	(145,351)
Invested in Government Securities	<u>1,001,697</u>	<u>20,488,920</u>
	<u>\$ 22,431,118</u>	<u>\$ 21,792,152</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 3 - CAPITAL ASSETS

Capital assets of the Children's Board as of September 30, 2009 and 2008 consisted of the following:

	<u>Balance</u> <u>9/30/2008</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>9/30/2009</u>
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Construction-in-progress	15,830	-	15,830	-
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	33,175	11,973	-	45,148
Improvements other than building	164,189	250,521	-	414,710
Office equipment	62,796	8,272	-	71,068
Office furniture	125,783	22,520	-	148,303
Computer equipment	<u>226,801</u>	<u>-</u>	<u>4,623</u>	<u>222,178</u>
	6,441,306	293,286	20,453	6,714,139
Less, accumulated depreciation:				
Building-Palm Avenue	696,363	157,667	-	854,030
Improvements	14,533	5,357	-	19,890
Improvements other than building	76,622	22,384	-	99,006
Office equipment	51,877	5,053	-	56,930
Office furniture	80,795	20,540	-	101,335
Computer equipment	<u>190,128</u>	<u>18,229</u>	<u>4,623</u>	<u>203,734</u>
	<u>1,110,318</u>	<u>229,230</u>	<u>4,623</u>	<u>1,334,925</u>
Capital assets, net	<u>\$ 5,330,988</u>	<u>\$ 64,056</u>	<u>\$ 15,830</u>	<u>\$ 5,379,214</u>

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance <u>9/30/2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>9/30/2008</u>
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Construction-in-progress	-	15,830	-	15,830
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	33,175	-	-	33,175
Improvements other than building	164,189	-	-	164,189
Office equipment	71,128	6,235	14,567	62,796
Office furniture	127,310	-	1,527	125,783
Computer equipment	<u>234,192</u>	<u>19,672</u>	<u>27,063</u>	<u>226,801</u>
	6,442,726	41,737	43,157	6,441,306
Less, accumulated depreciation:				
Building-Palm Avenue	538,696	157,667	-	696,363
Improvements	9,319	5,214	-	14,533
Improvements other than building	60,203	16,419	-	76,622
Office equipment	61,349	5,095	14,567	51,877
Office furniture	64,921	17,401	1,527	80,795
Computer equipment	<u>198,882</u>	<u>18,309</u>	<u>27,063</u>	<u>190,128</u>
	<u>933,370</u>	<u>220,105</u>	<u>43,157</u>	<u>1,110,318</u>
Capital assets, net	<u>\$ 5,509,356</u>	<u>\$ (178,368)</u>	<u>\$ -</u>	<u>\$ 5,330,988</u>

Depreciation expense during the year ended September 30, 2009 and 2008, was \$229,230 and \$220,105, respectively. These amounts are included in depreciation in the accompanying Government-wide statement of activities and changes in net assets. Contractual commitments for parking space improvements began in the fourth quarter of fiscal year 2008 and completed in the fourth quarter of fiscal year 2009.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS

Defined Benefit Pension Plan: Substantially all full-time employees of the Children's Board are participants in the Florida Retirement System ("the System"), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature covers full-time employees of various governmental units within the State of Florida.

The System provides for vesting benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after 62 years with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based on age, average compensation and years-of-service credit where the average compensation is computed as the average of an individual's five highest years of earnings. Employees are not required to contribute to this retirement system.

The Children's Board has no responsibility to the System other than to make the periodic payments required by the State Statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. For the System's fiscal year commencing July 1, 2008, these rates are applied to employee salaries at 9.85% and senior management at 13.12%. The Children's Board's contributions during the years ended September 30, 2009 and 2008 were \$485,610 and \$467,069, respectively, equal to the required contributions for each year. These contributions include regular employees of the Children's Board and leased employees to the Early Learning Coalition.

Effective July 1, 1998, the Florida Legislature established a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a System employer for a period not to exceed 60 months after electing to participate. Deferred monthly contributions are paid at 10.91% for fiscal year 2009 and accrue interest in the Florida Retirement System Trust Fund until DROP termination date and payment.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS
(Continued)

Defined Contribution Plan - Beginning December 1, 2002, the System offered a second retirement plan option, the FRS Investment Plan. Under this plan the employer pays all contributions, which are a percentage of salary based on the System's Membership Class. The employee makes investment elections within the investment funds chosen by the State Board of Administration. The retirement benefit is based on the account balance, and the benefit is vested after one year of service. If an employee leaves the job, he or she can keep the benefit in the System, or transfer his or her account to another retirement plan. The employee can also elect to cash out the benefit when leaving but is subject to tax penalties for taking early withdrawal. The employee in this plan is not eligible for DROP. All employees in the System's defined benefit pension plan were given a choice of switching to the FRS Investment Plan within a designated time period.

Deferred Compensation Plan: The Children's Board offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The International City Managers Association (ICMA) administers the plan. The plan is available to all permanent employees, which allows a deferral of a portion of their wages until future years. The Children's Board contributes 1.5% or 2.5% of compensation, depending on the retirement plan elected by the employee at February 1, 1997 or after that date. A distribution from the deferred compensation plan to an employee is allowed at termination of employment, retirement, death, or under certain emergencies. Vesting is simultaneously with the contribution. Employees are allowed to contribute on a pre-tax basis not to exceed amounts dictated by U.S. Treasury Regulations. Employer contributions during the years ended September 30, 2009 and 2008 were \$107,775 and \$103,530, respectively.

Post-employment Benefits Other Than Pensions: The Children's Board implemented GASB number 45 pronouncement for fiscal year 2008 utilizing the "cost sharing multiple-employer plan". For fiscal years 2009 and 2008, CBHC accrued \$36,171 and \$38,020, respectively, for funding of future costs to post-retiree participants in the Hillsborough County health system based on a biannual actuarial report.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended September 30, 2009 and 2008, is comprised of the following for accrued compensated absences:

	Balance <u>9/30/2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/2009</u>
Accrued vacation	\$ 305,294	\$ 428,650	\$ 345,213	\$ 388,731
Sick leave payable	<u>172,050</u>	<u>69,419</u>	<u>50,583</u>	<u>190,886</u>
	<u>\$ 477,344</u>	<u>\$ 498,069</u>	<u>\$ 395,796</u>	<u>\$ 579,617</u>

	Balance <u>9/30/2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/2008</u>
Accrued vacation	\$ 255,079	\$ 241,468	\$ 191,254	\$ 305,293
Sick leave payable	<u>177,101</u>	<u>110,746</u>	<u>115,797</u>	<u>172,050</u>
	<u>\$ 432,180</u>	<u>\$ 352,214</u>	<u>\$ 307,051</u>	<u>\$ 477,343</u>

NOTE 6 - OTHER LIABILITIES

Other short-term liabilities activity for the years ended September 30, 2009 and 2008, is comprised of the following:

	September 30, <u>2009</u>	September 30, <u>2008</u>
Deferred revenue for Children's Board programs from other agencies	\$ 1,095,107	\$ -
Accrued liabilities for miscellaneous vendors	11,906	-
Targeted case management overpayment from State of Florida	<u>401,393</u>	<u>-</u>
	<u>\$ 1,508,406</u>	<u>\$ -</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2009 and 2008

NOTE 7 - FUND BALANCE COMPOSITION

By resolution of the Board of Directors of Children's Board the following have been internally reserved:

	September 30, <u>2009</u>	September 30, <u>2008</u>
Nonspendable fund balance:		
Prepaid expenditures	\$ 8,835	\$ 11,635
Compensatory absences	579,617	477,344
Committed fund balance:		
Building infrastructure contingency	300,000	200,000
Assigned fund balance:		
Future commitments of current programs	14,711,236	12,261,165
Future minimal operational expenditures	2,151,369	2,203,157
Unassigned fund balance:		
Unassigned funds	-	<u>1,812,720</u>
	<u>\$ 17,751,057</u>	<u>\$ 16,966,021</u>

NOTE 8 - ACCOUNTING SERVICES TO EARLY LEARNING COALITION (ELC)

The Children's Board during fiscal year 2009 renewed the annual contract with The Hillsborough County School Readiness Coalition, Inc., d/b/a Early Learning Coalition, Inc. (the Coalition), an unrelated not-for-profit organization incorporated in Florida and qualified under Section 501(c)(3) of the Internal Revenue Code to furnish accounting services for the Coalition for the period commencing July 1, 2008 through June 30, 2009.

Under the terms of this agreement, the Children's Board agrees to perform certain administrative services on behalf of the Coalition that will be reimbursed. The Children's Board is required, among other terms to:

- Establish and maintain books, records, and documents, including electronic record keeping and administration of the payroll.
- Establish and maintain an accurate account of property and equipment ("fixed assets").
- Prepare monthly financial reports.

The Children's Board is not financially responsible for any of the obligations of the Coalition.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 9 - ENCUMBRANCES

Encumbrance accounting is employed in governmental funds. The encumbrances from fiscal year 2009 for \$41,953 remain in force and will continue to be liquidated under the current year's budget that extends into the subsequent fiscal period 2010 and noted as a revised budget increase approved by the governing Board in that period.

NOTE 10 - CHILDREN'S BOARD FOUNDATION

The Children's Board of Hillsborough County (CBHC) entered into a Memorandum of Understanding (MOU) with the Children's Board Foundation, Inc. (CBF) for the purpose of assisting the CBHC mission. The purpose of this understanding is to ensure coordinated efforts to plan, provide, and support activities for children, families and service providers in Hillsborough County. The Foundation and the Children's Board support the promotion of health, well-being and development of all children in Hillsborough County. This Agreement shall be effective from the date first set out and shall continue until terminated by either party. Either party may terminate this Agreement upon written notice to the other party specifying the date of termination which may be upon mailing of such notice. As the basis for financial statement inclusion, CBF meets the component unit test of GASB 39 at fiscal year end 2009 and had \$5,937 in donated assets. However, materiality as applied to CBF was defined and determined to be excluded from the consolidated financial statement presentation of CBHC.

NOTE 11 - GOVERNMENTAL FUND BALANCE

In 2009, the Governmental Accounting Standards Board (GASB) issued statement number 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Under previous standards, fund balances were organized into three categories: reserved, unreserved, and designated. The new standard replaces these existing categories with five classifications, establishing a hierarchy that is based on the extent to which spending constraints restrict how a government can use the funds. The GASB 54 pronouncement has been applied to Governmental Funds financial statement presentations for fiscal year ending September 30, 2009.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 12 - SUBSEQUENT EVENT

Subsequent to fiscal year ending September 30, 2009, the Children's Board, through the course of its monitoring procedures, identified an expense reimbursement due from a provider organization in the amount of \$528,907, which was a result of misspent funds on the part of the provider organization. On December 14, 2009, the Children's Board demanded repayment by January 11, 2010. On January 14, 2010, the provider organization proposed two options for repayment of the misspent funds. As part of the preferred option, the provider organization will be acquired by a separate, independent entity that would also acquire assets related to the provider organization and pay the outstanding funds due the Children's Board. In addition, the Children's Board has proposed an interim agreement with the provider and its related organizations until all arrangements have been reviewed and approved by all parties. If these arrangements are approved and implemented by all parties, the Children's Board would receive payment of the \$528,907 from the independent entity near the midpoint of its projected 90-day due diligence period for the acquisition of assets and provider's operations.

SUPPLEMENTAL INFORMATION

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GOVERNMENTAL FUND
Year ended September 30, 2009

	General Fund				Totals (Memorandum Only)			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:								
Ad valorem taxes	\$ 39,930,944	\$ 39,930,944	\$ 40,232,475	\$ 301,531	\$ 39,930,944	\$ 39,930,944	\$ 40,232,475	\$ 301,531
Interest income	982,602	982,602	285,953	(696,649)	982,602	982,602	285,953	(696,649)
Intergovernmental revenues	983,280	983,280	1,769,464	786,184	983,280	983,280	1,769,464	786,184
Local grants	465,000	465,000	944,260	479,260	465,000	465,000	944,260	479,260
Other	788,861	788,861	782,818	(6,043)	788,861	788,861	782,818	(6,043)
Total revenues	<u>43,150,687</u>	<u>43,150,687</u>	<u>44,014,970</u>	<u>864,283</u>	<u>43,150,687</u>	<u>43,150,687</u>	<u>44,014,970</u>	<u>864,283</u>
Operating expenditures:								
General government	8,752,132	8,560,213	8,336,459	223,754	8,752,132	8,560,213	8,336,459	223,754
Program funding:								
Programs	35,161,550	35,911,904	34,602,818	1,309,086	35,161,550	35,911,904	34,602,818	1,309,086
Capital outlay	<u>61,500</u>	<u>365,220</u>	<u>290,657</u>	<u>74,563</u>	<u>61,500</u>	<u>365,220</u>	<u>290,657</u>	<u>74,563</u>
Total expenditures	<u>43,975,182</u>	<u>44,837,337</u>	<u>43,229,934</u>	<u>1,607,403</u>	<u>43,975,182</u>	<u>44,837,337</u>	<u>43,229,934</u>	<u>1,607,403</u>
Excess (expenditures) over revenues	(824,495)	(1,686,650)	785,036	2,471,686	(824,495)	(1,686,650)	785,036	2,471,686
Fund balance, beginning of year	<u>14,528,326</u>	<u>14,528,326</u>	<u>16,966,021</u>	<u>(2,437,695)</u>	<u>14,528,326</u>	<u>14,528,326</u>	<u>16,966,021</u>	<u>(2,437,695)</u>
Fund balance, end of year	<u>\$ 13,703,831</u>	<u>\$ 12,841,676</u>	<u>\$ 17,751,057</u>	<u>\$ 33,991</u>	<u>\$ 13,703,831</u>	<u>\$ 12,841,676</u>	<u>\$ 17,751,057</u>	<u>\$ 33,991</u>

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL GOVERNMENTAL FUND
 Year ended September 30, 2008

	General Fund				Totals (Memorandum Only)			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:								
Ad valorem taxes	\$ 39,354,809	\$ 39,354,809	\$ 39,643,357	\$ 288,548	\$ 39,354,809	\$ 39,354,809	\$ 39,643,357	\$ 288,548
Interest income	1,181,976	1,181,976	815,553	(366,423)	1,181,976	1,181,976	815,553	(366,423)
Intergovernmental revenues	-	536,607	749,793	213,186	-	536,607	749,793	213,186
Local grants	420,950	904,950	258,745	(646,205)	420,950	904,950	258,745	(646,205)
Other	797,784	805,784	1,147,245	341,461	797,784	805,784	1,147,245	341,461
Total revenues	<u>41,755,519</u>	<u>42,784,126</u>	<u>42,614,693</u>	<u>(169,433)</u>	<u>41,755,519</u>	<u>42,784,126</u>	<u>42,614,693</u>	<u>(169,433)</u>
Operating expenditures:								
General government	8,788,149	8,819,205	8,423,898	395,307	8,788,149	8,819,205	8,423,898	395,307
Program funding:								
Programs	32,889,370	34,144,196	31,661,519	2,482,677	32,889,370	34,144,196	31,661,519	2,482,677
Capital outlay	<u>378,000</u>	<u>378,000</u>	<u>91,581</u>	<u>286,419</u>	<u>378,000</u>	<u>378,000</u>	<u>91,581</u>	<u>286,419</u>
Total expenditures	<u>42,055,519</u>	<u>43,341,401</u>	<u>40,176,998</u>	<u>3,164,403</u>	<u>42,055,519</u>	<u>43,341,401</u>	<u>40,176,998</u>	<u>3,164,403</u>
Excess (expenditures) over revenues	(300,000)	(557,275)	2,437,695	2,994,970	(300,000)	(557,275)	2,437,695	2,994,970
Fund balance, beginning of year	<u>14,528,326</u>	<u>14,528,326</u>	<u>16,966,021</u>	<u>(2,437,695)</u>	<u>14,528,326</u>	<u>14,528,326</u>	<u>16,966,021</u>	<u>(2,437,695)</u>
Fund balance, end of year	<u>\$ 14,228,326</u>	<u>\$ 13,971,051</u>	<u>\$ 19,403,716</u>	<u>\$ 557,275</u>	<u>\$ 14,228,326</u>	<u>\$ 13,971,051</u>	<u>\$ 19,403,716</u>	<u>\$ 557,275</u>



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REPORT OF INDEPENDENT AUDITORS 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

Board of Directors
Children's Board of Hillsborough County
Tampa, Florida

We have audited the accompanying financial statements of the Children's Board of Hillsborough County (the "Children's Board") as of September 30, 2009, and have issued our report thereon dated March 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider a deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 09-01 and 09-02 to be significant deficiencies.

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

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

Children's Board of Hillsborough County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Children's Board responses and, accordingly, express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Children's Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of Children's Board of Hillsborough County in a separate letter dated March 11, 2010.

This report is intended solely for the information and use of the Board of Directors of the Children's Board of Hillsborough County, management, federal and state awarding agencies, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

March 11, 2010
Tampa, Florida



Crowe Horwath LLP
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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM
AND STATE FINANCIAL ASSISTANCE PROJECTS AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Board of Directors
Children's Board of Hillsborough County
Tampa, Florida

Compliance

We have audited the compliance of the Children's Board of Hillsborough County (the Children's Board) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement; and Chapter 10.550, Rules of the Auditor General; and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to each of its major federal programs and state financial assistance projects for the year ended September 30, 2009. The Children's Board's major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of the Children's Board's management. Our responsibility is to express an opinion on the Children's Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis,

(Continued)

evidence about the Children's Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Children's Board's compliance with those requirements.

In our opinion, the Children's Board's complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs and state financial assistance projects for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the Children's Board's is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered the Children's Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on the effectiveness of internal control over compliance, but not for expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Children's Board's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state financial assistance project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state financial assistance project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project not be prevented or detected by the entity's internal control.

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

We noted certain other matters that we reported to management in a separate report dated March 11, 2010.

(Continued)

This report is intended solely for the information and use of management, the Board of Directors, federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Our 2009 audit was conducted for the purpose of forming an opinion on the basic financial statements of Children's Board of Hillsborough County taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Crowe Horwath LLP
Crowe Horwath LLP

March 11, 2010
Tampa, Florida

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2009

<u>Program Title</u>	<u>Federal/State CFDA# / CFSA #</u>	<u>Term</u>	<u>Federal/State Expenditures</u>
Federal Awards			
<u>Direct Programs:</u>			
Department of Health and Human Services			
Centers For Medicare and Medicaid Services Medical Assistance Program (Title XIX)	93.778	Oct 2008 - Sept 2009	\$ 499,118
Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	Oct 2008 - Sept 2009	119,374
Department of Homeland Security			
ARRA Emergency Food and Shelter National Board Program	97.114		-
<u>Indirect Programs:</u>			
Department of Health and Human Services			
Passed Through Hillsborough Kids, Inc. Administration For Children and Families Promoting Safe and Stable Families	93.556	Oct 2008 - Sept 2009	234
Department of Health and Human Services			
Passed through Department of Children and Families and Hillsborough Kids, Inc. Administration For Children and Families Temporary Assistance for Needy Families	93.558	Oct 2008 - Sept 2009	226,497
Department of Health and Human Services			
Passed through Hillsborough Kids, Inc. Administration For Children and Families Child Welfare Services State Grants	93.645	Oct 2008 - Sept 2009	1,802
U.S. Department of Health and Human Services			
Passed through Hillsborough Kids, Inc. Foster Care - Title IV-E	93.658	Oct 2008 - Sept 2009	36,441
Department of Health and Human Services			
Passed through Department of Children and Families and Hillsborough Kids, Inc. Administration For Children and Families Adoption Assistance	93.659	Oct 2008 - Sept 2009	238,923
Department of Health and Human Services			
Passed through Hillsborough Kids, Inc. Administration For Children and Families Child Abuse and Neglect State Grants	93.669	Oct 2008 - Sept 2009	2,849
Total Expenditures of Federal Awards			\$ 1,125,238

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year ended September 30, 2009

<u>Program Title</u>	<u>Federal/State CFDA# / CFSA #</u>	<u>Term</u>	<u>Federal/State Expenditures</u>
State Awards			
<u>Indirect Programs</u>			
Department of Children and Families			
Passed Through Hillsborough Kids, Inc.			
Purchase Therapeutic Services Child			
Community Support Services			
Children Community Mental Health			
Mental Health Services			
	60.047	Oct 2008 - Sept 2009	\$ 5,657
Department of Children and Families			
Passed through Department of Children and			
Families and Hillsborough Kids, Inc.			
Children's Mental Health Community Support Services			
Children Community Mental Health			
Mental Health Services			
	60.055	Oct 2008 - Sept 2009	166,089
Department of Children and Families			
Passed Through Hillsborough Kids, Inc.			
Out-of Home Supports			
Child Protection			
Family Safety and Preservation Services			
	60.074	Oct 2008 - Sept 2009	436,416
Department of Children and Families			
Passed Through Hillsborough Kids, Inc.			
Community Based Care (CBC) Supports			
Child Protection			
Family Safety and Preservation Services			
	60.094	Oct 2008 - Sept 2009	<u>239,763</u>
Total Expenditures of State Awards			<u>\$ 847,925</u>

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2009

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state award activity of the Children's Board of Hillsborough County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

There were no non-cash awards in the current year.

There were no sub-recipients of federal awards and state financial assistance in the current year.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 September 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:			Unqualified
Internal control over financial reporting:			
Material weakness identified?	___	Yes	___ <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?			
Reported	___	Yes	___ <u>X</u> No
Noncompliance material to financial statements noted?	___	Yes	___ <u>X</u> No

Federal Awards and State Financial Assistance

Internal Control over major programs:			
Material weakness identified?	___	Yes	___ <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?			
Reported	___	Yes	___ <u>X</u> No
Type of auditor's report issued on compliance for major programs:			Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section.510(a), and Section :215.97 of Chapter 10.550, Rules of the Auditor General?	___	Yes	___ <u>X</u> No

Identification of major programs:

<u>CFDA/CSFA Number(s)</u>	<u>Name of Federal Award/State Program</u>
93.659	Department of Health and Human Services; Adoption Assistance
93.778	Department of Health and Human Services; Medical Assistance Program (Title XIX)
60.055	Department of Children and Families; Children Community Mental Health; Mental Health Services
60.094	Department of Children and Families; Community Based Care Supports Child Protection, Family Safety and Preservation Services
60.074	Department of Children and Families; Out of Home Support Child Protection Family Safety and Preservation Services

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Dollar threshold used to distinguish for State Projects	\$100,000

Auditee qualified as low-risk auditee?			___ Yes ___ <u>X</u> No
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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
September 30, 2009

Section II - Financial Statement Findings

Significant Deficiencies:

Finding # 09-01

Journal Entry Procedures

Criteria:	All journal entries should consistently document the preparer and reviewer of each entry and there should also be a proper segregation of duties with regard to the journal entry procedures.
Condition:	We observed the following related to journal entry procedures: <ul style="list-style-type: none">• Of the 53 journal entries tested, 20 were not documented as to the preparer• Of the 53 journal entries tested, 2 were not documented as reviewed• The same individual that reviews journal entries can also prepare journal entries.
Cause/Effect:	Parameters within the MIPS system as well as additional manual controls needed to be implemented in order to address each of these deficiencies. Errors could occur and not be prevented or detected on a timely basis.
Recommendation:	The preparer should initial each journal voucher to document who prepared the entry for management to review. The organization should consider implementing within the MIPS system a system control to prevent the preparer from being able to review their entries. In addition, all entries should be documented as reviewed for appropriateness before they are posted. We observed that the Organization did implement controls requiring the preparer to initial each journal voucher and we were able to perform additional year end testing to confirm this new procedure.
Management Response:	All journal voucher preparers are now required to utilize user-specific reports which identify the preparer. Preparers are now required to initial the report before presentation to the Accounting Manager or CFO for approval and posting to the General Ledger. Controls have been implemented, in the MIPS accounting software, to prevent entry of any journal voucher into MIPS by any individual who has access to journal voucher posting.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
September 30, 2009

Section II - Financial Statement Findings (Continued)

Significant Deficiencies:

<u>Finding # 09-02</u>	Accounting for Provider Contract Reimbursements
Criteria:	Under the modified accrual basis of accounting, recognition of the Organization's provider contract reimbursements should be deferred.
Condition:	The Organization recorded a significant accrual for provider contract reimbursements in the government fund financial statements.
Effect:	Net change in fund balance in the government fund financials statements was overstated.
Recommendation:	The Organization should review all accruals at year end in accordance with adopted accounting policies to insure that the appropriate deferrals are recorded.
Management Response:	At the time the entries to increase receivables and reduce expenses were made, the expectation was the Children's Board would receive payment by January 11, 2010. Upon further discussion with the auditors, we agreed to make the additional entries.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
September 30, 2009

Section III - Federal Awards and State Financial Assistance Findings

There were no findings for the year ended September 30, 2009.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
September 30, 2009

Section IV - Prior Year Findings and Questioned Costs

Finding # 08-01 - Monitoring of Contract Providers

The tracking system has been developed and is being utilized to ensure provider compliance with submitting audits, budget-to-actual (quarterly financial reports), and certificates of insurance as required per the Children's Board general terms and conditions.

Finding # 08-02 - Accounting for Investment in SBA Local Government Surplus
Funds Trust Investment Pool Fund B

As part of its monthly closing process, the Children's Board makes entries to the Fund B balance based on that month's statement from the SBA. At year end, adjusting entries are made based on guidance from the SBA's year end financial statement disclosures of Fund B.



Crowe Horwath LLP
Independent Member Crowe Horwath International

Board of Directors
Children's Board of Hillsborough County
Tampa, Florida

We have audited the financial statements of the Children's Board of Hillsborough County (the Children's Board) as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated March 11, 2010.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report of Independent Auditors on Compliance and Internal Control Over Financial Reporting, Report of Independent Auditors on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 11, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

- 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 significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Recommendations.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined the Children's Board complied with Section 218.415, Florida Statutes.

(Continued)

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we have noted out findings and recommendations under the heading Current Year Recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that auditor may, based on professional judgment, report the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we have noted out findings and recommendations under the heading Current Year Recommendations.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Children's Board of Hillsborough County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Children's Board for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

(Continued)

- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management’s responsibility to monitor the entity’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Prior Year Recommendation	Current Year Status
Monitoring of providers/subrecipients, monitoring procedures should be consistently followed as adopted, comment was based on two untimely submitted audit reports.	Procedures related to submissions of reports were addressed from the prior year. In addition, refer to the current year comment regarding Documentation of Provider Contract Monitoring Procedures .
Accounting for Investment in SBA Local Government Surplus Funds Trust Investment Pool Fund B	Implemented

Journal Entry Procedures	Significant Deficiency
Observation:	<p>We observed the following related to journal entry procedures:</p> <ul style="list-style-type: none"> Of the 53 journal entries tested, 20 were not documented as to the preparer. Of the 53 journal entries tested, 2 were not documented as reviewed. <p>We observed that the same individual that reviews journal entries can also prepare journal entries, creating a conflict and segregation of duties condition for which there were no additional mitigating system controls identified.</p>
Recommendation:	<p>The preparer should initial each journal voucher to document who prepared the entry for management to review. The organization should consider implementing within the MIPS system a system control to prevent the preparer from being able to review their own entries. In addition, all entries should be documented as reviewed for appropriateness before they are posted. We observed that the Organization did implement controls requiring the preparer to initial each journal voucher and we were able to perform additional year end testing to confirm this new procedure.</p>

(Continued)

Management's Response:	All journal voucher preparers are now required to utilize user-specific reports which identify the preparer. Preparers are now required to initial the report before presentation to the Accounting Manager or CFO for approval and posting to the General Ledger. Controls have been implemented, in the MIPS accounting software, to prevent entry of any journal voucher into MIPS by any individual who has access to journal voucher posting.
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Accounting for Provider Contract Reimbursements	Significant Deficiency
Observation:	The Organization recorded a significant accrual for provider contract reimbursements. However, under the modified accrual basis of accounting, the recognition of this reimbursement should be deferred. A correcting entry was made to record the deferral on the fund financial statements.
Recommendation:	The Organization should review all accruals at year end in accordance with adopted accounting policies to ensure that the appropriate deferrals are recorded.
Management's Response:	At the time the entries to increase receivables and reduce expenses were made, the expectation was the Children's Board would receive payment by January 11, 2010. Upon further discussion with the auditors, we agreed to make the additional entries.

(Continued)

Budgeting for Program Expenses	Control Deficiency
Observation:	In preparing the Schedule of Expenditures of Federal and State Financial Assistance, the Organization is normally able to identify the projects that will be required to be reported on the Schedule, but frequently is not able to predict the level of expenditures that will be reported on the Schedule until several months after year end. Because the Organization is not able to project the level of expenditures of Federal and State projects, major projects are often not able to be identified until subsequent to year end.
Recommendation:	The Organization should continue to review the budgeting process and determine if program expenses can be projected as soon as a project is identified so that major programs are identified on a timely basis to ensure controls are implemented to comply with all applicable requirements of major programs.
Management's Response:	The Children's Board receives program (grant) revenue throughout the fiscal year. The total amount and timing of the receipt of federal and state revenue and related program expenditures are unpredictable because the Children's Board continuously seeks revenue maximization opportunities. However, CBHC does have controls in place to quickly and accurately identify any requirements related to the federal and state revenues and related program expenditures ensuring compliance with all grant requirements.

Documentation of Provider Contract Monitoring Procedures	Control Deficiency
Observation:	During testing of provider contracts, we observed that documentation of monitoring procedures is often not consistent. In some cases, procedures were noted as performed by a program consultant; however, supporting documentation of what was performed could not be provided. In other instances, for our sampled contracts, when we initially observed the case file, the required monitoring reports were not in the file, but upon inquiry during our testing, the documents were obtained and added to the files.
Recommendation:	Procedures should be evaluated to determine how improvements can be made to ensure all reports are consistently included in all monitoring files and documentation is clear and consistent as to the exact procedures that are performed in accordance with the evaluation objectives.
Management's Response:	The Children's Board has updated our procedures regarding consistent contract management. These updated processes have been put in place for the FY 2010 contract period. These procedures will ensure that all activities when working with providers are documented consistently.

Board of Directors
Children's Board of Hillsborough County

Management's written responses to the matters identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on those responses.

This letter is intended solely for the information and use of Children's Board's management, and the State of Florida Office of the Auditor General, and is not intended to be used by anyone other than these specified parties.

We would like to take this opportunity to thank the Children's Board for the many courtesies and cooperation extended to our representatives during the course of our audit.


Crowe Horwath LLP

March 11, 2010
Tampa, Florida