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**Children's Board**  
HILLSBOROUGH COUNTY

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Dreams Worth Growing

**FINANCIAL STATEMENTS**  
September 30, 2010 and 2009

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
Tampa, Florida

FINANCIAL STATEMENTS  
September 30, 2010 and 2009

CONTENTS

REPORT OF INDEPENDENT AUDITORS.....	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3-12
FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS.....	13
STATEMENTS OF ACTIVITIES .....	14
FUND FINANCIAL STATEMENTS	
BALANCE SHEET - GOVERNMENTAL FUND - CURRENT YEAR.....	15
BALANCE SHEET - GOVERNMENTAL FUND - PRIOR YEAR.....	16
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS	
BALANCE TO STATEMENTS OF NET ASSETS .....	17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND - CURRENT YEAR .....	18
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND - PRIOR YEAR .....	19
RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO STATEMENTS OF ACTIVITIES.....	20
NOTES TO FINANCIAL STATEMENTS.....	21-38
SUPPLEMENTAL INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GOVERNMENTAL FUND - CURRENT YEAR .....	39
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - GOVERNMENTAL FUND - PRIOR YEAR .....	40
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT</i> <i>AUDITING STANDARDS</i> .....	41-42
REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL .....	43-45
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE .....	46-48
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE .....	49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE .....	50-54
MANAGEMENT LETTER.....	55-58

## 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, 2010 and 2009, 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, 2010 and 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2011, 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 considered in assessing the results of our audit.

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(Continued)

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.

*Crowe Horwath LLP*  
Crowe Horwath LLP

March 17, 2011  
Tampa, Florida

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

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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 years ended on September 30, 2010 and 2009. Please read it in conjunction with the accompanying presented financial statements.

### **Financial Highlights**

- The Hillsborough County ad valorem property tax base decreased \$10.1 billion or 12.1 percent from fiscal year 2009 to 2010 because of the reduction in property values. Total net ad valorem revenue decreased \$4.9 million. The millage rate remained at .5000 mills per \$1,000 of property value.
- The revenue categories have been changed to better reflect the additional revenue sources added over the past few years. The Revenue from Other Agencies category includes revenue maximization activities, grants and other funder's contributions to the Administrative Services Organization (ASO). This line has increased by 71% because of additional funding through the ASO and an increase in Targeted Case Management at Risk billing.
- The State of Florida Business Administration (SBA) and the Local Government Investment Fund (LGIF) reported a Net Asset Value loss 70.7 percent to governmental fund shareholders in classification Fund B at September 30, 2010. This is an increase of 15.8% and an unrealized gain of \$134,931 in LGIP investments for FY 2010. The total unrealized loss to date is \$136,346.
- Total program expenditures decreased by \$0.48 million or 1.4 percent for fiscal year 2010, for a total of \$33,585,684.
- Governmental Fund Balance decreased \$0.85 million or 4.8 percent for fiscal year 2010. This was less than the budgeted amount of spend down of the fund balance as expenditures were under budget and additional revenue was received in the revenue maximization area.

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## **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 15. 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 its 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.

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.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

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**Table 1**  
**Statements of Net Assets**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Assets:</b>			
Current and other assets	\$ 8,280,497	\$ 6,703,517	\$ 8,233,380
Designated assets	14,246,363	17,162,605	14,664,322
Capital assets (net)	<u>5,131,455</u>	<u>5,379,214</u>	<u>5,330,988</u>
Total assets	<u>\$ 27,658,315</u>	<u>\$ 29,245,336</u>	<u>\$ 28,228,690</u>
<b>Liabilities:</b>			
Current and other liabilities	\$ 5,977,236	\$ 6,165,775	\$ 6,409,025
<b>Net Assets:</b>			
Invested in capital assets	5,131,455	5,379,214	5,330,988
Unrestricted	<u>16,549,624</u>	<u>17,700,347</u>	<u>16,488,677</u>
Total net assets	<u>21,681,079</u>	<u>23,079,561</u>	<u>21,819,665</u>
Total liabilities and net assets	<u>\$ 27,658,315</u>	<u>\$ 29,245,336</u>	<u>\$ 28,228,690</u>

Total Designated Assets decreased \$2.9 million and 17.0 percent because of the reduction of future commitments due to the reduction in future projected revenue. Total net assets decreased \$1.4 million. This was less than the budgeted amount of spend down of the net assets as expenditures were under budget and additional revenue was received in the revenue maximization area. Some additional appropriations will be encumbered in fiscal year 2011.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

**Table 2**  
**Statements of Activities:**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General government expenses:</b>			
Government expenses and other	\$ 8,272,832	\$ 8,451,935	\$ 8,518,905
Program expenditures	33,585,684	34,073,909	31,661,519
Depreciation expense	<u>259,260</u>	<u>229,230</u>	<u>220,105</u>
Total government expenses	42,117,776	42,755,074	40,400,529
<b>Program revenues:</b>			
Operating grants and contributions	4,060,102	2,713,724	1,008,538
<b>General revenues:</b>			
Ad valorem taxes	35,326,015	40,232,475	39,643,357
Interest income	228,743	285,953	815,553
Other miscellaneous revenue	<u>1,104,434</u>	<u>782,818</u>	<u>1,147,244</u>
Total general revenues	<u>36,659,192</u>	<u>41,301,246</u>	<u>41,606,154</u>
Total revenue	<u>40,719,294</u>	<u>44,014,970</u>	<u>42,614,692</u>
Change in net assets	(1,398,482)	1,259,896	2,214,163
<b>Net assets - beginning of year</b>	<u>23,079,561</u>	<u>21,819,665</u>	<u>19,605,502</u>
<b>Net assets - end of year</b>	<u>\$ 21,681,079</u>	<u>\$ 23,079,561</u>	<u>\$ 21,819,665</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 decreased \$0.6 million and 1.5 percent for the fiscal period. Program expenditures decreased 1.4 percent while depreciation expense increased 13.1 percent.

Total revenues decreased \$3.3 million over the prior year due to a decrease in property values. Revenue from Other Agencies increased \$1.3 million and approximately 50 percent due to additional funding through the ASO and an increase in Targeted Case Management at Risk billing.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

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**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 decreased to \$16.9 million from \$17.8 million because of a budgeted spend down of the Fund Balance to cover a portion of the reduction of property tax revenue.

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 of Directors changed from \$0 million at September 30, 2009 to \$2.1 million at the end of the current year 2010. This increase occurred because during FY 2010 expenditures were under budget and additional revenue was received in the revenue maximization area. A portion of the budgeted FY 2010 expenditures will be appropriated and encumbered in fiscal 2011. The Children's Board has separately detailed accumulated cash balances for reserved net assets at \$2.1 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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

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**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 years 2010 and 2009.

Total revenues from the Governmental Fund were \$40.7 million in FY 2010, a 7.5 percent decrease from FY 2009. The ad-valorem tax revenues; the Children's Board's largest revenue source, was \$35.3 million. This was a 13 percent decrease from FY 2009 because of the reduction in property values. The millage rate remained at .500. Revenue from Other Agencies was \$4.1 million, Miscellaneous Revenue \$1.1 million and Interest Income \$0.2 million

Total expenditures for governmental activities were \$41.6 million, a 3.8 percent decrease from FY 2009. This included \$8.4 million in operating expenditures and \$33.2 million in Program Expenditures which. The continuation program budget included an overall 4% reduction.

At year-end 2010, the Children's Board's general fund reported \$16.9 million in fund balance, which is a decrease of \$0.85 million or 4.8 percent change from fiscal year 2009.

**Table 3  
General Fund Budgetary Highlights:**

	Original Budget <u>2010</u>	Amended Budget <u>2010</u>	Actual <u>2010</u>
<b>Revenues</b>			
Ad valorem taxes	\$ 34,947,420	\$ 34,947,420	\$ 35,326,015
Intergovernmental	2,090,244	2,090,244	4,060,102
Others	<u>2,044,985</u>	<u>2,044,985</u>	<u>1,333,177</u>
Total revenues	39,082,649	39,082,649	40,719,294
<b>Expenditures</b>			
Personnel	5,319,648	5,319,648	5,065,384
Operational expenses	3,521,121	3,521,121	3,281,132
Capital equipment and expenditures	21,650	21,650	25,441
Program expenses	<u>33,979,076</u>	<u>34,569,669</u>	<u>33,199,422</u>
Total expenditures	<u>42,841,495</u>	<u>43,432,088</u>	<u>41,571,379</u>
<b>Change to fund balance</b>	<u>\$ (3,758,846)</u>	<u>\$ (4,349,439)</u>	<u>\$ (852,085)</u>

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

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**General Fund Budget Comparison**

Total expenditures exceeded total revenues by \$0.85 million in the general fund for fiscal year 2010 – as shown in Table 3.

Total Actual general fund revenues were \$1.6 million and 4.2 percent more than original and revised budgeted revenues for fiscal year 2010.

Budget amendments for encumbrances amounting to \$0.04 million were made during the year along with other amendments totaling \$0.55 million to increase appropriations for encumbered contracts and vendors from the prior year. The fiscal year 2009 encumbrances were appropriated from the unreserved general fund balance into the fiscal year 2010 budget. Even with these adjustments, the actual expenditures were \$1.9 million below the amended budget amounts due to decreased program and operations expenditures.

The Children's Board's general fund balance change of \$0.85 million reported (Table 3) differs from the original general fund's budgeted fund balance change of \$(3.8) million reported in the original budget comparison schedule. This is principally because of the planned reductions in both program and operating expenditures and additional revenue was received in the revenue maximization area.

**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.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

**Table 4**  
**Change in Capital Assets**

	<u>Balance</u> <u>9/30/2009</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>9/30/2010</u>
<b>Non-depreciable assets:</b>				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
<b>Depreciable assets:</b>				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	45,148	11,502	-	56,650
Improvements other than building	414,710	-	-	414,710
Office equipment	71,067	-	22,439	48,628
Office furniture	148,305	-	-	148,305
Computer equipment	<u>222,177</u>	<u>-</u>	<u>40,218</u>	<u>181,959</u>
	6,714,139	11,502	62,657	6,662,984
<b>Less, accumulated depreciation:</b>				
Building-Palm Avenue	854,029	157,667	-	1,011,696
Improvements	19,888	7,335	-	27,223
Improvements other than building	99,006	52,208	-	151,214
Office equipment	56,929	4,848	22,439	39,338
Office furniture	101,197	20,542	-	121,739
Computer equipment	<u>203,876</u>	<u>16,661</u>	<u>40,218</u>	<u>180,319</u>
	<u>1,334,925</u>	<u>259,261</u>	<u>62,657</u>	<u>1,531,529</u>
<b>Capital assets, net</b>	<u>\$ 5,379,214</u>	<u>\$ (247,759)</u>	<u>\$ -</u>	<u>\$ 5,131,455</u>

**Change in Capital Assets:**

At the end of the fiscal year 2010, the Children's Board had \$6,662,984 invested in a variety of capital assets, which represents a decrease of \$51,155 or 0.77 percent from the prior year 2009.

**LONG-TERM DEBT**

At September 30, 2010, the Children's Board had \$491,992 in long-term debt versus \$579,617 at September 30, 2009, a net change of \$87,625 and 18 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

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

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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 2010 budget and millage rate. 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 funds programs and services for children and families throughout Hillsborough County. Third grade literacy for all children, a leading indicator for many social and societal issues, including poverty and crime is a strategic focus that is supported by programs that promote healthy births, improve school readiness, provide quality out of school activities and help families succeed in their communities.

The Children's Board strategically funds faith based and non-profit organizations for services, personnel, programs, and supports that are proven to improve the lives of children and families. 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. 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.

The Hillsborough County Property Appraiser's Office reassessed Just Values for market value reductions on the 2010 tax rolls presented to the taxing authorities. Accordingly, ad valorem revenues for the Children's Board are budgeted to decrease by an additional \$4.1 million and total \$31.3 million for fiscal year 2011.

The continuation of the strategic plan and current economic conditions was considered when adopting the general fund budget for 2011. The amount available for appropriations in the general fund budget for fiscal year 2011 is \$36.4 million, a net decrease of 7 percent over the final 2010 original budget of \$39.1 million. Ad valorem revenues for fiscal year 2011 are projected to decrease 11.5 percent over fiscal year 2010 actual revenues. The Children's Board will appropriate \$5.7 million from fund balances to finance programs currently funded.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2010 and 2009

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**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:

Tonia Williams, Chief Financial 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](http://www.childrensboard.org)



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**Children's Board**  
HILLSBOROUGH COUNTY

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**Dreams Worth Growing**

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 STATEMENTS OF NET ASSETS  
 September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 6,950,010	\$ 5,268,513
Receivables:		
Ad valorem taxes	311,501	430,679
Other	1,011,651	995,490
Total receivables	<u>1,323,152</u>	<u>1,426,169</u>
Prepaid expenditures	7,335	8,835
Designated assets (Note 2):		
Cash and cash equivalents:		
Future commitments	11,739,994	14,711,236
Minimum operational expenditures	2,106,369	2,151,369
Building Contingency Fund	400,000	300,000
Total designated assets	<u>14,246,363</u>	<u>17,162,605</u>
Capital assets (Note 3):		
Land	1,082,724	1,082,724
Property and equipment	5,580,260	5,631,415
	6,662,984	6,714,139
Less, accumulated depreciation	<u>(1,531,529)</u>	<u>(1,334,925)</u>
Net capital assets	<u>5,131,455</u>	<u>5,379,214</u>
	<u>\$ 27,658,315</u>	<u>\$ 29,245,336</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 311,385	\$ 238,593
Contracts payable	3,405,360	3,475,263
Accrued salaries, wages and benefits	341,549	363,896
Other payables and Deferrals (Note 6)	1,426,950	1,508,406
Total current liabilities	<u>5,485,244</u>	<u>5,586,158</u>
Noncurrent Liabilities:		
Accrued compensated absences (Note 5)	<u>491,992</u>	<u>579,617</u>
Total liabilities	<u>5,977,236</u>	<u>6,165,775</u>
Net assets:		
Invested in net capital assets	5,131,455	5,379,214
Unrestricted	16,549,624	17,700,347
Total net assets	<u>21,681,079</u>	<u>23,079,561</u>
	<u>\$ 27,658,315</u>	<u>\$ 29,245,336</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 STATEMENTS OF ACTIVITIES  
 September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>General government expenses</b>		
Personnel	\$ 4,977,759	\$ 5,174,810
Operational	754,664	683,538
Program	33,585,684	34,073,909
Other	2,540,408	2,593,587
Depreciation (Note 3)	<u>259,261</u>	<u>229,230</u>
Total government expenses	42,117,776	42,755,074
 <b>Program revenues</b>		
Revenue from Other Agencies	<u>4,060,102</u>	<u>2,713,724</u>
Total Program Revenues	4,060,102	2,713,724
 <b>General revenues</b>		
Ad valorem taxes	35,326,015	40,232,475
Interest income	228,743	285,953
Miscellaneous	<u>1,104,434</u>	<u>782,818</u>
Total general revenues	<u>36,659,192</u>	<u>41,301,246</u>
Total revenues	<u>40,719,294</u>	<u>44,014,970</u>
 <b>Net revenue</b>	(1,398,482)	1,259,896
 Net assets - beginning of year	<u>23,079,561</u>	<u>21,819,665</u>
 <b>Net assets - end of year</b>	<u><u>\$ 21,681,079</u></u>	<u><u>\$ 23,079,561</u></u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
BALANCE SHEET - GOVERNMENTAL FUND  
September 30, 2010

	General Fund	Total (Memorandum Only)
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 6,950,010	\$ 6,950,010
Receivables:		
Ad valorem taxes	311,501	311,501
Other	869,007	869,007
Prepaid expenditures	7,335	7,335
Designated assets:		
Cash and cash equivalents: (Note 2)		
Future commitments	11,739,994	11,739,994
Minimum operational expenditures	2,106,369	2,106,369
Building Contingency Fund	400,000	400,000
	<u>\$ 22,384,216</u>	<u>\$ 22,384,216</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 311,385	\$ 311,385
Contracts payable	3,405,360	3,405,360
Accrued salaries, wages and benefits	341,549	341,549
Other payables and Deferrals	1,426,950	1,426,950
Total liabilities	<u>5,485,244</u>	<u>5,485,244</u>
 Fund balances (Note 7)		
Nonspendable Fund Balance:		
Prepaid expenditures	7,335	7,335
Compensatory Absences	491,992	491,992
Committed Fund Balance:		
Building Infrastructure Contingency	400,000	400,000
Assigned Fund Balance:		
Future commitments of current programs	11,739,994	11,739,994
Future minimal operational expenditures	2,106,369	2,106,369
Unassigned Fund Balance:		
Unassigned funds	2,153,282	2,153,282
Total fund balance	<u>16,898,972</u>	<u>16,898,972</u>
	<u>\$ 22,384,216</u>	<u>\$ 22,384,216</u>

See accompanying notes to financial statements.

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

	<u>General Fund</u>	<u>Total (Memorandum Only)</u>
<b>ASSETS</b>		
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	300,000	300,000
	\$ 23,337,215	\$ 23,337,215
 <b>LIABILITIES AND FUND BALANCES</b>		
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)	1,508,406	1,508,406
Total liabilities	5,586,158	5,586,158
 Fund balances (Note 7)		
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	-	-
Total fund balance	17,751,057	17,751,057
	\$ 23,337,215	\$ 23,337,215

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, 2010 and 2009

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	<u>2010</u>	<u>2009</u>
<b>Total governmental fund balance</b>	\$ 16,898,972	\$ 17,751,057
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.	5,131,455	5,379,214
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.	142,644	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>(491,992)</u>	<u>(579,617)</u>
<b>Net assets of governmental activities</b>	<u>\$ 21,681,079</u>	<u>\$ 23,079,561</u>

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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, 2010

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	General Fund	Total (Memorandum Only)
<b>Operating revenues</b>		
Ad valorem taxes	\$ 35,326,015	\$ 35,326,015
Interest income	228,743	228,743
Revenue from other agencies	4,060,102	4,060,102
Miscellaneous	<u>1,104,434</u>	<u>1,104,434</u>
Total revenues	40,719,294	40,719,294
<b>Operating expenditures</b>		
General government -		
Personnel	5,065,384	5,065,384
Operational	740,724	740,724
Other	<u>2,540,408</u>	<u>2,540,408</u>
Total general government	8,346,516	8,346,516
<b>Program expenditures</b>		
Program Contract Funding	18,154,149	18,154,149
Match Contract Funding	13,394,190	13,394,190
Technical Assistance Funding	299,061	299,061
Children's Board Operated Programs	954,081	954,081
Expenditures Related to Program Support	<u>397,941</u>	<u>397,941</u>
Total program funding	33,199,422	33,199,422
<b>Capital equipment and expenditures</b>	<u>25,441</u>	<u>25,441</u>
Total expenditures	<u>41,571,379</u>	<u>41,571,379</u>
<b>Net change in fund balance</b>	(852,085)	(852,085)
Fund balance - beginning of year	<u>17,751,057</u>	<u>17,751,057</u>
<b>Fund balance - end of year</b>	<u><u>\$ 16,898,972</u></u>	<u><u>\$ 16,898,972</u></u>

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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

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	General <u>Fund</u>	Total <u>(Memorandum Only)</u>
<b>Operating revenues</b>		
Ad valorem taxes	\$ 40,611,555	\$ 40,611,555
Interest income	160,027	160,027
Revenue from other agencies	2,368,244	2,368,244
Miscellaneous	875,144	875,144
Total revenues	44,014,970	44,014,970
<b>Operating expenditures</b>		
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
<b>Program funding</b>		
Program Contract Funding	19,775,654	19,775,654
Match Contract Funding	13,030,182	13,030,182
Technical Assistance Funding	462,164	462,164
Children's Board Operated Programs	888,285	888,285
Expenditures Related to Program Support	446,533	446,533
Total program funding	34,602,818	34,602,818
<b>Capital equipment and expenditures</b>		
	290,657	290,657
Total expenditures	43,229,934	43,229,934
<b>Net change in fund balance</b>	785,036	785,036
Fund balance - beginning of year	16,966,021	16,966,021
<b>Fund balance - end of year</b>	\$ 17,751,057	\$ 17,751,057

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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, 2010 and 2009

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	<u>2010</u>	<u>2009</u>
<b>Net change in fund balance - total governmental fund</b>	<b>\$ (852,085)</b>	<b>\$ 785,036</b>
<p>Amounts reported for governmental activities  in the statement of activities are different because:</p>		
Compensatory absences not recognized as Governmental Funds costs	87,625	(102,273)
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.	(247,759)	48,226
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>(386,263)</u>	<u>528,907</u>
<b>Change in net assets of governmental activities</b>	<b><u>\$ (1,398,482)</u></b>	<b><u>\$ 1,259,896</u></b>

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See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**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 from the reporting entity.

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. 14, *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

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES** (continued)

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 non-fiduciary 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.

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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES** (continued)

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Children's Board is bound to honor constraints on the specific purpose for which amounts in their fund can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

**Nonspendable** – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted** – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

**Committed** – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Children's Board highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Children's Board removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

**Assigned** – This component consists of amounts that are constrained by the Children's Board intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed in the Children's Board Fund Balance Policy.

**Unassigned** – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

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 were no Special Revenue Funds established in fiscal years 2010 and 2009.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES** (continued)

Net Assets: Net assets present the difference between assets and liabilities in the statements of net assets. Net assets are reported as restricted when there are legal limitations imposed on their use by laws or regulations of other governments or external restrictions by creditors or grantors. Unrestricted net assets may be designated for specific purposes as the option of the Board of Directors. If restricted and unrestricted net assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

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.

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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES** (continued)

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 24, 2009 and became effective on October 1, 2009. 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 transfer of funds between programs operated by the same agency, and provided such transfers do not increase the aggregate allocation to the agency approved by the Board. Appropriations lapse at yearend 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 State Board of Administration (SBA) Local Government Investment Fund (LGIF), Wells Fargo Advantage Funds (2010) and Wachovia Evergreen Investments (2009) government securities for fiscal years 2010 and 2009.

Reclassification of Revenues and Expenditures: On the Government-Wide Statement of Activities, for fiscal years 2010 and 2009, the revenue descriptions have been modified and the amounts have been reclassified. On the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, for fiscal years 2010 and 2009 the program expenditure and revenue categories have been modified and the amounts reclassified. The updated categories provide for improved reporting of sources and uses of funds.

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.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES** (continued)

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.

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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES** (continued)

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 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. The Children's Board did not have an active interfund special revenue fund for fiscal years 2010 and 2009.

New Accounting Pronouncements: In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. It defines an intangible asset's required characteristics, and generally requires that they be treated as capital assets. The statement is effective for the Children's Board fiscal year beginning October 1, 2009. The Children's Board does not have any Intangible Assets Statement to report.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This statement establishes consistent standards for the reporting of land and other real estate held as investments. It requires endowments to report their land and other real estate investments at fair value. Statement No. 52 is effective for the Children's Board fiscal year ending September 30, 2009. Statement No. 52 has no impact on the Children's Board as no Endowments hold any investments in land or real estate.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Statement No. 53 is effective for the Children's Board fiscal year ending September 30, 2010. The Children's Board has no derivatives instruments.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES** (continued)

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition. This Statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Statement 54 is effective for the Children's Board fiscal year ending September 30, 2011. The Children's Board decided to early adopt this statement in the prior year.

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

At September 30, 2010, the bank balance of the Children's Board deposits was \$19,954,564 and the book balance was \$19,803,490. 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. 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, 2010 and 2009 Children's Board bank balances, \$250,000 was covered by federal depository insurance (FDIC) and \$19,704,564 and \$21,007,781, 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 maintains all accounts in financial institutions approved by the State of Florida.

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. The Children's Board utilizes a Public Funds Interest-Bearing Checking account (PFIC). This is 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, 2010 and 2009 was \$19,803,490 and 21,098,994, respectively. Also, to provide diversification of its investments, the Children's Board on the same above dates held \$1,002,082 and \$1,001,697 in a Wells Fargo Advantage 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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010 and 2009

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**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS** (continued)

For fiscal year ended September 30, 2010, the Children's Board utilized a Public Funds Interest-Bearing Checking account (PFIC), with Wells Fargo Bank, for all banking transactions. The Children's Board also invested short term surplus funds in Wells Fargo Advantage 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, 2010 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	\$ 61,712	AAAm
Fund B	\$ 329,091	Unrated
Wells Fargo Advantage Funds	<u>\$ 1,002,082</u>	AAAm
	<u>\$ 1,392,885</u>	

Concentration of credit risk:

<u>Issuer</u>	<u>Amount</u>	<u>Percentage of Portfolio</u>
Wells Fargo Advantage Funds	\$ 1,002,082	72%
Local Government Surplus Funds Trust Fund		
LGIP	\$ 61,712	4%
Fund B	\$ 329,091	24%

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, 2010 and 2009

**NOTE 2 – CASH, 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, 2010, 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 Fund						
LGIP	\$ 61,712	\$ 61,712	\$ -	\$ -	\$ -	\$ -
Fund B	\$ 329,091	\$ 329,091	\$ -	\$ -	\$ -	\$ -
Wells Fargo Advantage						
Funds	\$ 1,002,082	\$ 1,002,082	\$ -	\$ -	\$ -	\$ -

As of September 30, 2009, 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>
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	\$ -	\$ -	\$ -	\$ -

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010 and 2009

**NOTE 2 – CASH, 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 Wells Fargo 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 gain/(loss) of \$134,931 and (\$125,926) in LGIP investments for FY 2010 and 2009, respectively. The total unrealized gain/(loss) to date is \$(136,346).

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

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 6,950,010	\$ 5,268,513
Designated assets:		
Cash and cash equivalents	<u>14,246,363</u>	<u>17,162,605</u>
	<u>\$ 21,196,373</u>	<u>\$ 22,431,118</u>

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

	<u>2010</u>	<u>2009</u>
Cash	\$ 19,803,489	\$ 21,098,994
Local Government Surplus Funds Trust		
LGIP A	61,712	1
Fund Investment Fund B	465,436	601,703
Fund B - unrealized loss	(136,346)	(271,277)
Invested in Government Securities	<u>1,002,082</u>	<u>1,001,697</u>
	<u>\$ 21,196,373</u>	<u>\$ 22,431,118</u>

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**NOTE 3 - CAPITAL ASSETS**

Capital assets of the Children's Board as of September 30, 2010 and 2009 consisted of the following:

	<u>Balance</u> <u>9/30/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2010</u>
Non-depreciable assets				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Depreciable assets				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	45,148	11,502	-	56,650
Improvements other than building	414,710	-	-	414,710
Office equipment	71,067	-	22,439	48,628
Office furniture	148,305	-	-	148,305
Computer equipment	<u>222,177</u>	<u>-</u>	<u>40,218</u>	<u>181,959</u>
	6,714,139	11,502	62,657	6,662,984
Less accumulated depreciation				
Building-Palm Avenue	854,029	157,667	-	1,011,696
Improvements	19,888	7,335	-	27,223
Improvements other than building	99,006	52,208	-	151,214
Office equipment	56,929	4,848	22,439	39,338
Office furniture	101,197	20,542	-	121,739
Computer equipment	<u>203,876</u>	<u>16,661</u>	<u>40,218</u>	<u>180,319</u>
	<u>1,334,925</u>	<u>259,261</u>	<u>62,657</u>	<u>1,531,529</u>
Capital assets, net	<u>\$ 5,379,214</u>	<u>\$ (247,759)</u>	<u>\$ -</u>	<u>\$ 5,131,455</u>

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010 and 2009

**NOTE 3 - CAPITAL ASSETS** (continued)

	<u>Balance</u> <u>9/30/2008</u>	<u>Additions</u>	<u>Reductions</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	62,795	8,272	-	71,067
Office furniture	125,784	22,520	-	148,304
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	14,532	5,357	-	19,889
Improvements other than building	76,621	22,384	-	99,005
Office equipment	51,876	5,053	-	56,929
Office furniture	80,655	20,540	-	101,195
Computer equipment	<u>190,271</u>	<u>18,229</u>	<u>4,623</u>	<u>203,877</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>

Depreciation expense during the year ended September 30, 2010 and 2009 was \$259,261 and \$229,230 respectively. These amounts are included in depreciation in the accompanying Government-wide statement of activities and changes in net assets.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**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, 2010, these rates are applied to employee salaries at 10.77% and senior management at 14.57%. The Children's Board's contributions during the years ended September 30, 2010 and 2009 were \$439,411 and \$423,174, 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 12.25% for fiscal year 2010 and accrue interest in the Florida Retirement System Trust Fund until DROP termination date and payment.

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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010 and 2009

---

**NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS**

(Continued)

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 simultaneous 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, 2010 and 2009 were \$110,932 and \$107,775, respectively.

Post-Employment Benefits Other Than Pensions - The Children's Board implemented GASB number 45 pronouncement for FY 2008 utilizing the "cost sharing multiple-employer plan". For fiscal year 2010 CBHC accrued \$21,100 for funding of future costs to post-retiree participants in the Hillsborough County health system based on a biannual actuarial report.

**NOTE 5 - LONG-TERM LIABILITIES**

Long-term liability activity for the years ended September 30, 2010 and 2009 is comprised of the following for accrued compensated absences:

	<u>Balance</u> <u>9/30/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2010</u>
Accrued vacation	\$ 388,731	\$ 236,449	\$ 276,594	\$ 348,586
Sick leave payable	<u>190,886</u>	<u>145,724</u>	<u>193,204</u>	<u>143,406</u>
	<u>\$ 579,617</u>	<u>\$ 382,173</u>	<u>\$ 469,798</u>	<u>\$ 491,992</u>
	<u>Balance</u> <u>9/30/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <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>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2010 and 2009

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**NOTE 6 - OTHER LIABILITIES**

Other Short-Term liabilities activity for the years ended September 30, 2010 and 2009 is comprised of the following:

	September 30, <u>2010</u>	September 30, <u>2009</u>
Deferred revenue and other liabilities	\$ 915,173	\$ 1,095,107
Accrued liabilities for miscellaneous vendors	-	11,906
Targeted case management overpayment from State of Florida	<u>511,777</u>	<u>401,393</u>
	<u>\$ 1,426,950</u>	<u>\$ 1,508,406</u>

**NOTE 7 - FUND BALANCES**

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

	September 30, <u>2010</u>	September 30, <u>2009</u>
Nonspendable fund balance:		
Prepaid expenditures	\$ 7,335	\$ 8,835
Compensatory absences	491,992	579,617
Committed fund balance:		
Building infrastructure contingency	400,000	300,000
Assigned fund balance:		
Future commitments of current programs	11,739,994	14,711,236
Future minimal operational expenditures	2,106,369	2,151,369
Unassigned fund balance:		
Unassigned funds	<u>2,153,281</u>	<u>-</u>
	<u>\$ 16,898,971</u>	<u>\$ 17,751,057</u>

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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

The Children's Board during fiscal year 2010 renewed the annual contract with The Hillsborough County School Readiness Coalition, Inc., dba 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, 2009 through June 30, 2010.

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
- Establish and maintain an accurate account of property and equipment ("fixed assets").
- Prepare monthly financial reports.
- Administration and maintenance of payroll and administration of the processing of payroll and calculation of applicable tax and other withholdings relating to the employees leased to the Coalition

The Children's Board is not financially responsible for any of the obligations of the Coalition. The Children's Board received \$52,000 for the years ending September 30, 2010 and 2009 for the services provided by this contract. In addition, the Children's Board was reimbursed \$935,524 and \$ 776,402 for the years ending September 30, 2010 and 2009 respectively for expenses associated with the leased employees.

**NOTE 9 - ENCUMBRANCES**

Encumbrance accounting is employed in governmental funds. The encumbrances from fiscal year 2010 for \$99,929 remain in force and will continue to be liquidated under the current year's budget that extends into the subsequent fiscal period 2011 and noted as a revised budget increase approved by the governing Board in that period.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2010 and 2009

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**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, the CBF meets the component unit test of GASB 39 at fiscal year end 2010. CBF was excluded from the consolidated financial statements as a component unit of CBHC since it has been deemed to be immaterial.

**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, 2010

	General Fund				Totals (Memorandum Only)			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating revenues</b>								
Ad valorem taxes	\$ 34,947,420	\$ 34,947,420	\$ 35,038,693	\$ 91,273	\$ 34,947,420	\$ 34,947,420	\$ 35,038,693	\$ 91,273
Interest income	442,000	442,000	93,811	(348,189)	442,000	442,000	93,811	(348,189)
Intergovernmental Revenues	2,090,244	2,090,244	3,550,553	1,460,309	2,090,244	2,090,244	3,550,553	1,460,309
Local grants	593,000	593,000	746,874	153,874	593,000	593,000	746,874	153,874
Other	1,009,985	1,009,985	1,289,363	279,378	1,009,985	1,009,985	1,289,363	279,378
Total revenues	<u>39,082,649</u>	<u>39,082,649</u>	<u>40,719,294</u>	<u>1,636,645</u>	<u>39,082,649</u>	<u>39,082,649</u>	<u>40,719,294</u>	<u>1,636,645</u>
<b>Operating expenditures</b>								
General government	8,840,769	8,840,769	8,346,516	494,253	8,840,769	8,840,769	8,346,516	494,253
<b>Program funding</b>								
Programs	33,979,076	34,569,669	33,199,422	1,370,247	33,979,076	34,569,669	33,199,422	1,370,247
<b>Capital outlay</b>	<u>21,650</u>	<u>21,650</u>	<u>25,441</u>	<u>(3,791)</u>	<u>21,650</u>	<u>21,650</u>	<u>25,441</u>	<u>(3,791)</u>
Total expenditures	<u>42,841,495</u>	<u>43,432,088</u>	<u>41,571,379</u>	<u>1,860,709</u>	<u>42,841,495</u>	<u>43,432,088</u>	<u>41,571,379</u>	<u>1,860,709</u>
<b>Excess (expenditures) over revenues</b>	(3,758,846)	(4,349,439)	(852,085)	3,497,354	(3,758,846)	(4,349,439)	(852,085)	3,497,354
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>17,751,057</u>	<u>17,751,057</u>	<u>-</u>	<u>-</u>	<u>17,751,057</u>	<u>17,751,057</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,898,972</u>	<u>\$ 16,898,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,898,972</u>	<u>\$ 16,898,972</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, 2009

	General Fund				Totals (Memorandum Only)			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating revenues</b>								
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)
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>
<b>Operating expenditures</b>								
General government	8,752,132	8,560,213	8,336,459	223,754	8,752,132	8,560,213	8,336,459	223,754
<b>Program funding</b>								
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
<b>Capital outlay</b>	<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>
<b>Excess (expenditures) over revenues</b>	(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>-</u>	<u>-</u>	<u>16,966,021</u>	<u>16,966,021</u>	<u>-</u>	<u>-</u>	<u>16,966,021</u>	<u>16,966,021</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,751,057</u>	<u>\$ 17,751,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,751,057</u>	<u>\$ 19,437,707</u>

REPORT 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, 2010, and have issued our report thereon dated March 17, 2011. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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*

Crowe Horwath LLP

March 17, 2011  
Tampa, Florida

REPORT OF COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 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 could have a direct and material effect on each of the Children's Boards major federal programs and state financial assistance projects for the year ended September 30, 2010. 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, 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.

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(Continued)

In our opinion the Children's Board complied, in all material respects, with the requirements referred to above that have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

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

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.

Our 2010 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.

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

We noted certain other matters that we reported to management in a separate letter dated March 17, 2011

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.

*Crowe Horwath LLP*  
Crowe Horwath LLP

March 17, 2011  
Tampa, Florida

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 SCHEDULE OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 Year ended September 30, 2010

<u>Program Title</u>	<u>Federal/State CFDA# / CFSA #</u>	<u>Term</u>	<u>Federal/State Expenditures</u>
<b>Federal Awards</b>			
<b><u>Direct Programs:</u></b>			
Department of Education			
Office: Office of Educational Research and Improvement		Oct 2010 -	
Twenty-First Century Community Learning Centers	84.287	Dec 2010	\$ 3,008
Department of Health and Human Services			
Administration For Children and Families			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	Oct 2010 - Dec 2010	\$ 465,110
Department of Health and Human Services			
Centers For Medicare and Medicaid Services			
Medical Assistance Program (Title XIX)	93.778	Oct 2009 - Sept 2010	\$ 1,268,247
Department of Homeland Security			
Emergency Food and Shelter National Board Program			
	97.024	Oct 2009 - Sept 2010	\$ 164,256
Department of Homeland Security			
ARRA Emergency Food and Shelter National Board Program			
	97.114	Oct 2009 - Sept 2010	\$ 45,000
<b><u>Indirect Programs:</u></b>			
Department of Health and Human Services			
Passed Through Hillsborough Kids, Inc.			
Administration For Children and Families			
Enhance the Safety of Children Affected by Parental Methamamphetamine or Other Substance Abuse	93.087	Oct 2009 - Sept 2010	\$ 9,990
Department of Health and Human Services			
Passed Through Hillsborough Kids, Inc.			
Administration For Children and Families			
Promoting Safe and Stable Families	93.556	Oct 2009 - Sept 2010	\$ 204
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 2009 - Sept 2010	\$ 21,593

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 SCHEDULE OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 Year ended September 30, 2010

<u>Program Title</u>	<u>Federal/State CFDA# / CFSA #</u>	<u>Term</u>	<u>Federal/State Expenditures</u>
Federal Awards (Continued)			
Department of Health and Human Services Passed through Hillsborough Kids, Inc. Administration For Children and Families Child Welfare Services State Grants	93.645	Oct 2009 - Sept 2010	\$ 1,805
U.S. Department of Health and Human Services Passed through Hillsborough Kids, Inc. Foster Care - Title IV-E	93.658	Oct 2009 - Sept 2010	\$ 23,662
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 2009 - Sept 2010	\$ 259,171
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 2009 - Sept 2010	\$ 694
Department of Health and Human Services Passed through Department of Children and Families Centers for Medicare and Medicaid Services Medical Assistance Program (Title XIX)	93.778	Oct 2009 - Sept 2010	\$ 7,439
Department of Health and Human Services Passed through Department of Children and Families Substance Abuse and Mental Health Services Administration Block Grants for Community Mental Health Services	93.958	Oct 2009 - Sept 2010	\$ 75,607
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,345,786</u></b>
<b>State Awards</b>			
<b><u>Indirect Programs</u></b>			
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 2009 - Sept 2010	\$ 1,193

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 SCHEDULE OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 Year ended September 30, 2010

<u>Program Title</u>	<u>Federal/State CFDA# / CFSA #</u>	<u>Term</u>	<u>Federal/State Expenditures</u>
State Awards (Continued)			
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 2009 - Sept 2010	\$ 75,608
Department of Children and Families			
Passed Through Hillsborough Kids, Inc.			
Out-of Home Supports			
Child Protection Family Safety and Preservation Services	60.074	Oct 2009 - Sept 2010	\$ 683
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 2009 - Sept 2010	<u>\$ 1,082,224</u>
<b>Total Expenditures of State Awards</b>			<u><u>\$ 1,159,708</u></u>

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
Year ended September 30, 2010

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**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, 2010

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**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?	___ <u>X</u>	Yes	___ No

Identification of major programs:

<u>CFDA/CFSA Number(s)</u>	<u>Name of Federal Award/State Program</u>
93.714	Department of Health and Human Services; TANF Administration for Children and Families Medical Assistance Program
93.778	Department of Health and Human Services; Centers for Medicare and Medicaid Services Medical Assistance Program (Title XIX)
60.094	Department of Children and Families; Community Based Care Supports 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, 2010

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**Section II - Financial Statement Findings**

There were no findings for the year ended September 30, 2010.

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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, 2010

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**Section III – Findings and Questioned Costs – Major Federal Awards Program**

**Findings Required to be Reported**

Finding Reference Number:	<b>2010-1 Unallowed Billing for Medicaid Reimbursement</b>
Federal Program	<b>CFDA 93.778-Centers for Medicare and Medicaid Services Medical Assistance Program(Title XIX)</b>
Direct Program	<b>Department of Health and Human Services</b>
Compliance Requirement	Allowable Costs
Type of Finding	Finding Required to be Reported in accordance with Circular A-133, Section.510(a)
Criteria:	Monthly Medicaid billing for targeted case management services should meet all of the required criteria for reimbursement.
Condition:	For the year ending September 30, 2010, we reviewed a sample of Medicaid billings for targeted case management services and identified one selection out of a sample size of 60 that did not contain all of the documentation for an eligible billing.
Known Questioned Cost	\$126
Cause	The pass-through providers prepare the billings directly to Medicaid. The Provider incorrectly billed for case management services in which all the allowable criteria was not properly documented.
Effect	As a result, the entity received reimbursement for unallowed costs; and, in addition, there could potentially be additional billing errors resulting in unallowed costs.
Recommendation:	The entity program staff and management could request that providers that have had previous billing errors should be required to submit drafts of billings to Children's Board for approval prior to submitting to Medicaid.
Views of Responsible Official's	Billing will be held for all Providers who are identified as requiring additional monitoring until a monthly records review is conducted on each potential submission to ensure documentation of all allowable criteria. The activity will continue with the Provider until it is deemed no longer necessary.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
SUMMARY OF PRIOR YEAR FINDINGS  
September 30, 2010

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Audit Reference

Finding # 09-01 – Journal Entry Procedures

Condition: Controls over the preparation and approval of journal entries should be enhanced to ensure there is appropriate segregation of duties among accounting personnel.

Status: Implemented

Preparers of journal entries now document each report to identify they have prepared an entry before it is submitted to the CFO or Accounting Manager for approval. Additionally, Controls have been implemented in the general ledger accounting system to prevent an entry of any journal voucher by an individual who has access to journal voucher posting.

Finding # 09-02 - Accounting for Provider Contract Reimbursements

Condition: The Organization should review all accruals at year end in accordance with adopted accounting policies to ensure that the appropriate deferrals are recorded.

Status: Implemented

All accruals are reviewed at year end and in accordance with proper accounting policies to ensure that all deferrals are recorded as necessary.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
CORRECTIVE ACTION PLAN  
September 30, 2010

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Auditor Reference

2010-1 Unallowed Billing for Medicaid Reimbursement

Condition: For the year ending September 30, 2010, we reviewed a sample of Medicaid billings for targeted case management services and identified one selection out of a sample size of 60 that did not contain all of the documentation for an eligible billing.

Corrective Action Plan: Billing will be held for all Providers who are identified as requiring additional monitoring until a monthly records review is conducted on each potential submission to ensure documentation of all allowable criteria. The activity will continue with the Provider until it is deemed no longer necessary.

Name of Contact Person: Tonia Williams

Date: March 17, 2011

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, 2010, and have issued our report thereon dated March 17, 2011.

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 17, 2011, 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.
- 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.

- 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 our 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 have noted our findings and recommendations under the heading Schedule of Findings and Questioned Costs.
- 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 our 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, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.

Board of Directors  
 Children's Board of Hillsborough County

- 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.

Summary of Prior Year Recommendations:

Prior Year Recommendation	Current Year Status
Controls over the preparation and approval of journal entries should be enhanced to ensure there is appropriate segregation of duties among accounting personnel.	Implemented
The Organization should review all accruals at year end in accordance with adopted accounting policies to ensure that the appropriate deferrals are recorded.	Implemented

Current Year Recommendations:

Unallowed Billing for Medicaid Reimbursement		Federal Grant Noncompliance
<b>Observation:</b>	Monthly Medicaid billing for targeted case management services should meet all of the required criteria for reimbursement. For the year ending September 30, 2010, we reviewed a sample of Medicaid billings for targeted case management services and identified one selection out of a sample size of 60 that did not contain all of the documentation for an eligible billing. The pass-through providers prepare the billings directly to Medicaid. The Provider incorrectly billed for case management services in which all the allowable criteria was not properly documented. As a result, the entity received reimbursement for unallowed costs; and, in addition, there could potentially be additional billing errors resulting in unallowed costs.	
<b>Recommendation:</b>	The entity program staff and management could request that providers that have had previous billing errors should be required to submit drafts of billings to Children's Board for approval prior to submitting to Medicaid.	
<b>Management's Response:</b>	Billing will be held for all Providers who are identified as requiring additional monitoring until a monthly records review is conducted on each potential submission to ensure documentation of all allowable criteria. The activity will continue with the Provider until it is deemed no longer necessary.	

(Continued)

Accrual for Compensated Absences	Control Deficiency
<b>Observation:</b>	We observed that the accrual for compensated absences was understated by approximately \$22,000. The accrual for compensated absences should include all related payroll taxes and benefits; however, we observed that the amount did not include the costs of the employer's FRS pension contribution.
<b>Recommendation:</b>	It is recommended that year end accruals should be reviewed for completeness and accuracy.
<b>Management's Response:</b>	The understatement was a result of a spreadsheet formula error. In order to prevent this from happening in the future, spreadsheet formulas will be reviewed for accuracy and completeness.

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*

Crowe Horwath LLP

March 17, 2011  
 Tampa, Florida