

**CHILDREN'S SERVICES COUNCIL
OF PALM BEACH COUNTY**

BASIC FINANCIAL STATEMENTS

September 30, 2010

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
BASIC FINANCIAL STATEMENTS
September 30, 2010

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INTRODUCTORY SECTION



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Boynton Beach, FL 33426

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April 26, 2011

To the Honorable Chairman and Council Members of
Children's Services Council of Palm Beach County
2300 High Ridge Road
Boynton Beach, Florida

Dear Council Members:

The financial report of the Children's Services Council of Palm Beach County (the "Council"), as of and for the year ended September 30, 2010, is submitted here within. Florida Statutes require that we prepare our financial statements in conformance with United States Generally Accepted Accounting Principles ("GAAP") and that an external audit be performed by an independent certified public accounting firm in accordance with generally accepted auditing standards. This report, presented in three sections: Introductory, Financial, and Internal Control and Compliance, is the primary method of reporting the Council's financial activities and satisfies those requirements.

The Introductory Section contains a list of the Council's principal officials and its organizational chart. The Financial Section contains the Independent Auditors' Report, Management's Discussion and Analysis, Government-Wide Financial Statements, and Fund Financial Statements for Governmental and Proprietary Funds. The Financial Section also includes the Notes to Financial Statements and Supplemental Information. The Internal Control and Compliance Section contain the auditors' reports in accordance with *Government Auditing Standards* and *OMB Circular A-133*, schedules related to the single audit, and the Independent Auditors' Report to Council Management.

Management's Assertion

Responsibility for the integrity, objectivity, accuracy and completeness and fairness of presentation of these financial statements rests with management. The financial statements were prepared in conformity with United States Generally Accepted Accounting Principles ("GAAP") for governmental entities. The financial information is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and operating results for the Council, on a Government-wide and Fund basis. This report includes all disclosures necessary to enable the reader to gain an understanding of the financial affairs of the Council.

Expect **Success**

Internal Controls

In developing the Council's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition; and
- The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgment by management.

All internal control evaluations occur within the above framework. We believe the Council's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Independent Auditor

The Council's financial statements have been audited by Keefe, McCullough & Co., LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Children's Services Council for the fiscal year ended September 30, 2010, are free of material misstatement. The audit was conducted 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. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that the Council's financial statements for fiscal year ended September 30, 2010, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

Section 11.45, Florida Statutes, requires the audit be performed under Government Auditing Standards, issued by the Comptroller General of the United States. Government Auditing Standards requires the independent auditors to report not only on the fair presentation of the financial statements, but also on the Council's internal controls and compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. These reports are presented in the Internal Control and Compliance Section of this report.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter is designed to complement the MD&A and should be read in conjunction with it. The Council's MD&A can be found immediately following the report of the independent auditors.

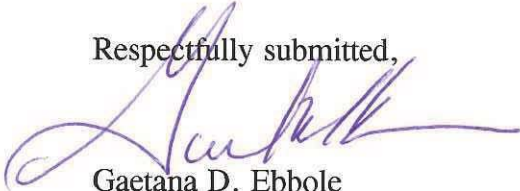
CSC Profile

The Children's Services Council of Palm Beach County is an independent special district of local government authorized by Florida Statute in 1986 and created by local referendum on November 4, 1986. The purpose of the Council is to plan, develop, fund and evaluate programs and promote public policies, which benefit Palm Beach County's children and families. Although the Council does not presently do so, it can provide services to children directly.

The ten member Council is comprised of five (5) individuals appointed by the Governor and five (5) members appointed by virtue of the office or position they hold within the community. The Council members have four-year terms and are responsible for setting policies and prioritizing programs affecting children. The Council has authority to levy taxes up to 1 mill of the assessed property tax value.

The Council is not a component unit of any other governmental unit nor does it meet the criteria to include any governmental organization as a component unit.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Gaetana D. Ebbola". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Gaetana D. Ebbola
Chief Executive Officer

A handwritten signature in blue ink, appearing to read "William J. Cosgrove". The signature is cursive and somewhat compact.

William J. Cosgrove
Chief Financial Officer

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SEPTEMBER 30, 2010

PRINCIPAL OFFICIALS

COUNCIL MEMBERS

Dr. Rod Macon, Chairperson

Judge Ronald V. Alvarez, Vice Chairperson

Dari Bowman, Secretary

Commissioner Karen Marcus

Gregory A. Langowski

Perry Borman

Dr. Art Johnson

Vincent Goodman

Carrie Hill

Willie A Miller, Jr.



EXECUTIVE STAFF

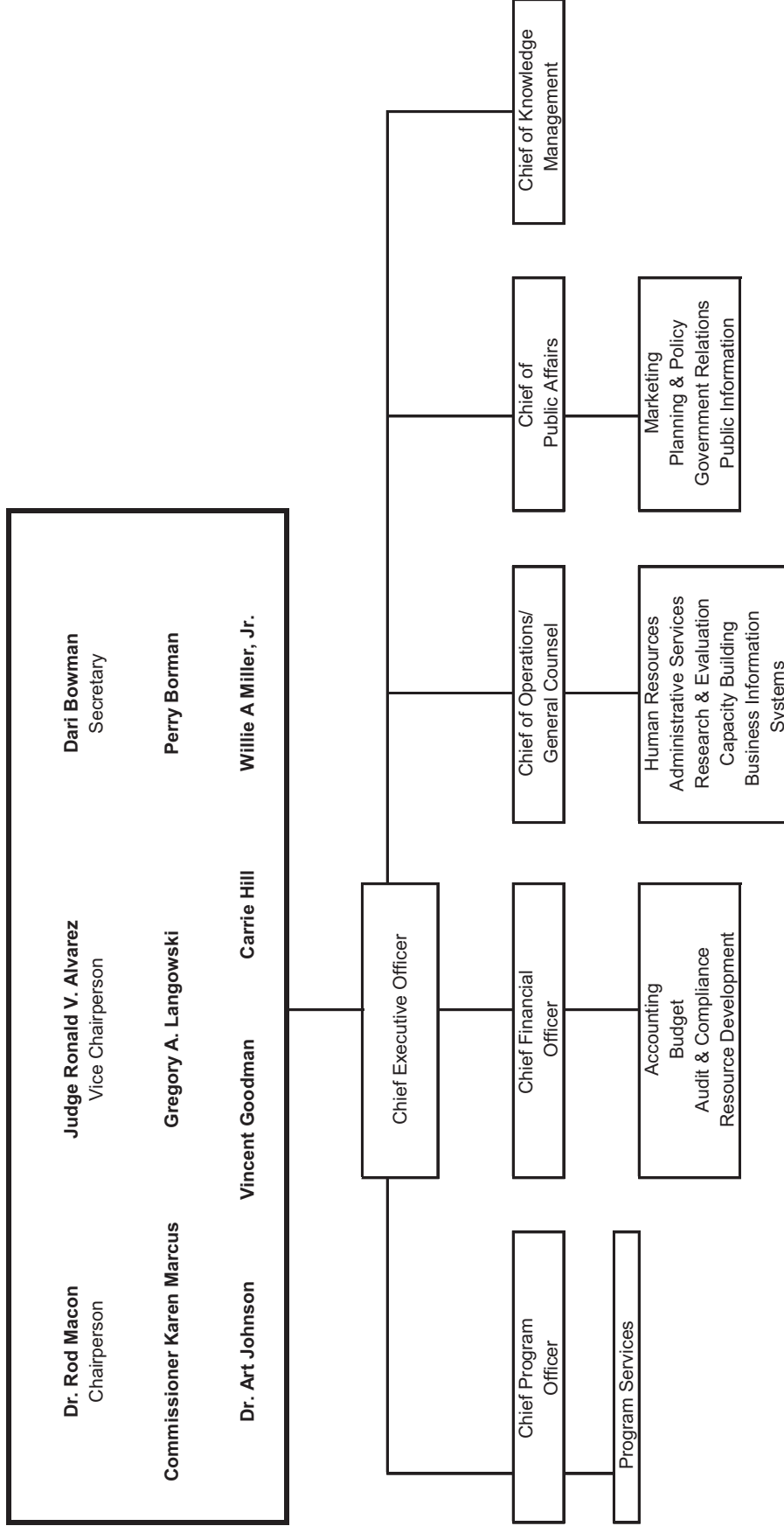
Gaetana D. Ebbole, Chief Executive Officer

William J. Cosgrove, Chief Financial Officer

Thomas A. Sheehan, III, Chief of Operations/General Counsel

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

ORGANIZATIONAL CHART - FY 2009-2010



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Council Members of
Children's Services Council of Palm Beach County
Boynton Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Children's Services Council of Palm Beach County ("the Council"), as of and for the year ended September 30, 2010, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Council, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Special Revenue Fund – Prevention Partnership, for the year 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 April 26, 2011, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Children's Services Council of Palm Beach County

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedule of funding progress – other post-employment benefits on pages 3 through 7 and 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's financial statements as a whole. The introductory section and supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplemental information and the schedule of expenditures of Federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Keefe, McCullough & Co., LLP

KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 26, 2011

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

Our discussion and analysis of the Children's Services Council of Palm Beach County (the "Council" or "CSC") financial performance provides an overview of the Council's financial activities for the fiscal year ended September 30, 2010 and 2009. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 8.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. Fund financial statements begin on page 10. Fund financial statements report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. For business-type activities, the proprietary fund financial statements focus on reporting the finances, as it relates to charges for services, of the Services and Activities Management Information System (SAMIS), for which the Council acts as the fiscal agent for the collaborative. The notes to the financial statements (on pages 19-33) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements, and is required by accounting principles generally accepted in the United States of America. This report also contains other supplementary information in addition to the basic financial statements on pages 34-40.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the 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.

The *Statement of Net Assets* presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *Statement of Activities* presents information showing how the Council's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation and sick leave, retirement health savings plan payable, and other post-retirement obligations).

These two statements report the Council's net assets and changes in them. You can think of the Council's net assets—the difference between assets and liabilities—as one way to measure the Council's financial health, or financial position. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, such as changes in the Council's property tax base, will also, over time, help to assess the overall financial health of the Council.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds — All of the Council's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation at the end of the related fund financial statement.

While some funds are required to be established by State law, currently the Council uses the General Fund and the Special Revenue Fund as defined by the Governmental Accounting Standards Board ("GASB"). The General Fund is used to account for all financial resources except those required to be reported in another fund. The Special Revenue Fund is used to account for the activities of Prevention Partnerships for Children, Inc.

Prevention Partnerships for Children, Inc. ("Prevention Partnerships") is a non-profit 501(c)(3) corporation started by the Council to carry out the functions previously performed by the Maternal Child Family Health Alliance along with other systems coordinating functions. Prevention Partnerships is reported as a blended component unit of the Council since Council members are also the Board members of Prevention Partnerships.

The Council adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison schedule has been provided for the General Fund and for Prevention Partnerships and can be found on pages 14 and 15 of the report.

Proprietary Funds — Proprietary fund financial statements consist of an enterprise fund that reports the finances of the collaborative agreement between the Council and five other children's services providers in the development and implementation of the web-based data collection system, SAMIS. Effective October 1, 2008, the Council was designated the fiscal agent for the collaborative, after several years of fiscal agent services provided by the JWB Children's Services Council of Pinellas County. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements, Statement of Net Assets and Statement of Activities, but provide more detail information, such as cash flows.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 19 to 33 of this report.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Children's Services Council of Palm Beach County, assets exceeded liabilities by \$ 95,362,303 at the close of the most recent year. This is an increase of \$ 3,181,989 over the prior year.

Children's Services Council of Palm Beach County
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 81,910,207	\$ 78,440,684	\$ 342,762	\$ 432,741	\$ 82,252,969	\$ 78,873,425
Capital assets	22,155,685	22,443,864	5,589	8,781	22,161,274	22,452,645
Total assets	104,065,892	100,884,548	348,351	441,522	104,414,243	101,326,070
Current liabilities	8,011,646	8,106,824	118,319	166,378	8,129,965	8,273,202
Noncurrent liabilities	921,975	872,554	-	-	921,975	872,554
Total liabilities	8,933,621	8,979,378	118,319	166,378	9,051,940	9,145,756
Investment in capital assets	22,155,685	22,443,864	5,589	8,781	22,161,274	22,452,645
Unrestricted	72,976,586	69,461,306	224,443	266,363	73,201,029	69,727,669
Total net assets	\$ 95,132,271	\$ 91,905,170	\$ 230,032	\$ 275,144	\$ 95,362,303	\$ 92,180,314

Current assets increased in 2010 by \$ 3,379,544 mainly due to the net effect of an increase in cash and investments of \$ 3,182,594, an increase in due from other governmental units and other receivables of \$ 337,467 and a decrease of capital assets of \$ 291,371. The increase in cash and investments is due to providers having expenditures less than contracted amounts and under utilization of funds provided for special initiatives. Capital assets decreased due to depreciation of capital assets. Total liabilities decreased by \$ 93,816 primarily due to the net effect of a decrease in due to agencies, an increase in accounts payable and noncurrent liabilities (compensated absences, retirement health savings plan payable and OPEB obligation), and a decrease in unearned revenue due to timing of the underlying expenditure.

Revenues for general governmental functions totaled \$ 99,481,164 in 2010, a decrease of .873% from 2009. Property taxes are the main source of revenue for the Council. Property taxes produced 93.85% of the revenues in 2010 compared to 92.46% in 2009.

Revenue Source:			Percent of Total	
	2010	2009	2010	2009
Ad-valorem property taxes	\$ 93,356,416	\$ 92,797,843	93.85%	92.46%
Grants income	5,859,504	6,825,528	5.89%	6.80%
Interest income	193,081	718,679	0.19%	0.72%
Other revenues	72,163	15,243	0.07%	0.02%
Total	\$ 99,481,164	\$ 100,357,293	100.00%	100.00%

Revenues for business-type activities amounted to \$ 69,229 for operating activities. Operating revenues are determined annually by the group of Councils involved in the SAMIS collaborative.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

Assessed property valuation of \$ 140,398,993,237 for fiscal year 2010 represented a 12.23% decrease over \$ 159,970,797,280 for fiscal year 2009. This reduction was due to a decrease of gross taxable property values throughout the County. Furthermore, new tax reforms became effective in fiscal year 2009 that allowed for additional property exemptions, as well as new reporting and advertising requirements that strongly discourage governments from raising millage rates to restore lost tax revenue. The current tax collections were 95.54% of the total tax levy compared with 96.18% in the previous year.

Expenses for general governmental purposes totaled \$ 96,254,063 as compared to \$ 92,212,659 in the previous year. Changes in levels of expenses for major functions of the Council are shown in the following table:

Expenses:			Percent of Total	
	2010	2009	2010	2009
Program services:				
Children's programs	\$ 80,240,730	\$ 76,722,483	83.35%	83.20%
Administrative support	8,273,620	7,522,406	8.60%	8.16%
Administrative and general	6,425,347	6,713,404	6.68%	7.28%
Other	1,314,366	1,254,366	1.37%	1.36%
Total	\$ 96,254,063	\$ 92,212,659	100.00%	100.00%

Funding for Children's Programs increased \$ 3,518,247 and Program Services Administrative Support increased \$ 751,214 from the previous year. Administrative Support and Administrative and General expenses for 2010 totaled \$ 14,698,967 as compared to \$ 14,235,810 for 2009 resulting in a \$ 463,157 increase.

The increase in Children's Programs is primarily due to an increase in funding for the Quality Child Care System and a full year's operation of the Healthy Beginnings System. Increases in Administrative expenditures are a result of increased costs of health insurance, additional maintenance on the building associated with the movement to going green, computer maintenance and supplies costs for disaster preparedness and pandemic.

Expenses for business-type activities amounted to \$ 114,341, including depreciation expense for \$ 3,192. Approximately 97% of the total operating expenses represent contractual services, which included payments to a third-party IT services and business consulting firm.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

Budgetary Highlights

General Fund

Interest earnings were down from the budgeted numbers due to lower than anticipated earning rates on invested cash. Ad-valorem taxes collected was actually higher than budgeted when the budgeted reserve for uncollectible taxes is included. Program services-children's programs were under budget by \$ 10,690,375. This was a result of reimbursement based providers having expenditures less than the contracted amount and under utilization of funds provided for special initiatives.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

Total fund balance of the General Fund is \$ 73,898,561 which increased \$ 3,564,701 over last year. An amount of \$ 12,568,304 was actually budgeted as a decrease in fund balance for the current year. The budget for the next fiscal year includes \$ 10,665,987 designated from fund balance for program expenditures.

Special Revenue Fund (Prevention Partnerships for Children, Inc.)

There is no fund balance associated with the Special Revenue Fund at September 30, 2010, since all expenditures incurred are either reimbursable by the outside funders or through transfers from the General Fund.

Capital Assets

Capital assets at September 30, 2010, had a net book value of \$ 22,161,274, which represented a \$ 291,371 decrease net of acquisitions from September 30, 2009. The decrease resulted from current year depreciation of capital assets.

Prospects for the Future

The Council has approved a budget combined for both the General and Special Revenue Fund for the fiscal year ending September 30, 2011, totaling \$ 112,566,229 of which \$ 95,722,399 is supported by ad-valorem taxes and resulted in a millage rate of 0.7513. Of the total \$ 112,566,229 budgeted, \$ 97,766,632 is allocated to Children's programs, of which \$ 88,828,946 is for contracted services and special funds and initiatives and the remaining \$ 8,937,686 will be used to provide training, technical support, and evaluation services to providers of children's services in Palm Beach County.

The Council is continuing its efforts to expand revenues coming into Palm Beach County by seeking reimbursement for program funding through Medicaid, Title IV-E and other federal, state and local grant funding sources.

Request for Information

This financial report has been designed to provide Palm Beach County's citizens, taxpayers, customers, and creditors with a general overview of CSC's finances and to show CSC's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Chief Financial Officer at 2300 High Ridge Road, Boynton Beach, Florida 33426.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Current assets:			
Cash and investments	\$ 78,073,855	\$ 342,762	\$ 78,416,617
Due from other governmental units	1,715,123		1,715,123
Other receivables	1,912,515	-	1,912,515
Prepaid expenses	208,714	-	208,714
Total current assets	81,910,207	342,762	82,252,969
Capital assets:			
Capital assets not being depreciated	3,134,253	-	3,134,253
Capital assets net of accumulated depreciation	19,021,432	5,589	19,027,021
Total capital assets, net	22,155,685	5,589	22,161,274
Total assets	104,065,892	348,351	104,414,243
LIABILITIES:			
Current liabilities:			
Due to agencies	7,621,395	-	7,621,395
Accounts payable	313,062	68,319	381,381
Unearned revenue	77,189	50,000	127,189
Total current liabilities	8,011,646	118,319	8,129,965
Noncurrent liabilities:			
Compensated absences	768,487	-	768,487
Retirement health savings plan payable	90,061	-	90,061
OPEB obligation	63,427	-	63,427
Total noncurrent liabilities	921,975	-	921,975
Total liabilities	8,933,621	118,319	9,051,940
NET ASSETS:			
Invested in capital assets	22,155,685	5,589	22,161,274
Unrestricted	72,976,586	224,443	73,201,029
Total net assets	\$ 95,132,271	\$ 230,032	\$ 95,362,303

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

	Program Revenues		Net Revenues (Expenses) and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS:					
Governmental activities:					
Program services - children's programs	\$ 80,240,730	\$ 5,859,504	\$ (74,381,226)	\$ -	\$ (74,381,226)
Program services - administrative support	8,273,620	-	(8,273,620)	-	(8,273,620)
Administrative and general	6,425,347	-	(6,425,347)	-	(6,425,347)
Other	1,314,366	-	(1,314,366)	-	(1,314,366)
Total governmental activities	96,254,063	5,859,504	(90,394,559)	-	(90,394,559)
Business-type activities:					
SAMIS collaborative	114,341	-	-	(45,112)	(45,112)
Total business-type activities	114,341	-	-	(45,112)	(45,112)
Total primary government	\$ 96,368,404	\$ 5,859,504	(90,394,559)	(45,112)	(90,439,671)
General revenues:					
Ad valorem taxes			93,356,416	-	93,356,416
Interest income			193,081	-	193,081
Miscellaneous			72,163	-	72,163
Total general revenues			93,621,660	-	93,621,660
Change in net assets			3,227,101	(45,112)	3,181,989
Net assets, October 1, 2009			91,905,170	275,144	92,180,314
Net assets, September 30, 2010			\$ 95,132,271	\$ 230,032	\$ 95,362,303

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund - Prevention Partnerships</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and investments	\$ 78,002,646	\$ 71,209	\$ 78,073,855
Due from other governmental units	1,715,123	-	1,715,123
Other receivables	1,912,515	-	1,912,515
Due from other funds	-	581,937	581,937
Prepaid expenditures	208,714	-	208,714
	<u>81,838,998</u>	<u>653,146</u>	<u>82,492,144</u>
Total assets	\$ <u>81,838,998</u>	\$ <u>653,146</u>	\$ <u>82,492,144</u>
LIABILITIES:			
Due to agencies	\$ 6,981,555	\$ 639,840	\$ 7,621,395
Accounts payable	299,756	13,306	313,062
Due to other funds	581,937	-	581,937
Deferred revenue	77,189	-	77,189
	<u>7,940,437</u>	<u>653,146</u>	<u>8,593,583</u>
Total liabilities	<u>7,940,437</u>	<u>653,146</u>	<u>8,593,583</u>
FUND BALANCE:			
Reserved for:			
Encumbrances	2,929,762	-	2,929,762
Prepaid expenditures	208,714	-	208,714
Unreserved/designated for:			
Special funds and initiatives	8,954,772	-	8,954,772
Partnership Fund	1,000,000	-	1,000,000
Risk pool	4,919,975	-	4,919,975
Contingencies	5,285,918	-	5,285,918
Subsequent year's budget	10,665,987	-	10,665,987
Undesignated	39,933,433	-	39,933,433
	<u>73,898,561</u>	<u>-</u>	<u>73,898,561</u>
Total fund balance	<u>73,898,561</u>	<u>-</u>	<u>73,898,561</u>
Total liabilities and fund balance	\$ <u>81,838,998</u>	\$ <u>653,146</u>	\$ <u>82,492,144</u>

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 September 30, 2010

Fund Balance - Total Governmental Funds (page 10)	\$	73,898,561
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$ 24,859,527	
Less accumulated depreciation	<u>(2,703,842)</u>	22,155,685
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds</p>		
Compensated absences		(768,487)
Retirement health savings plan payable		(90,061)
OPEB Obligation		<u>(63,427)</u>
Net Assets of Governmental Activities (page 8)	\$	<u><u>95,132,271</u></u>

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2010

	General Fund	Special Revenue Fund - Prevention Partnerships	Total Governmental Funds
REVENUES:			
Ad valorem taxes	\$ 93,356,416	\$ -	\$ 93,356,416
Grant income	5,088,860	770,644	5,859,504
Interest income	193,081	-	193,081
Sponsorship fees and other income	72,163	-	72,163
	98,710,520	770,644	99,481,164
EXPENDITURES:			
Program services - children's programs	76,407,606	4,185,429	80,593,035
Program services - administrative support	7,653,373	131,994	7,785,367
Administrative and general	6,058,367	-	6,058,367
Capital outlay	165,328	-	165,328
Other	1,314,366	-	1,314,366
	91,599,040	4,317,423	95,916,463
Excess (deficiency) of revenues over expenditures	7,111,480	(3,546,779)	3,564,701
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	(3,546,779)	3,546,779	-
Net change in fund balance	3,564,701	-	3,564,701
FUND BALANCE, October 1, 2009	70,333,860	-	70,333,860
FUND BALANCE, September 30, 2010	\$ 73,898,561	\$ -	\$ 73,898,561

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

Net Change in Fund Balance - Total Governmental Funds (page 12) \$ 3,564,701

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$	517,634	
Less current year depreciation		<u>(805,813)</u>	(288,179)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Change in long-term compensated absences		70,912	
Change in retirement health savings plan payable		(90,061)	
Change in OPEB liability		<u>(30,272)</u>	

Change in Net Assets of Governmental Activities (page 9) \$ 3,227,101

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) TO ACTUAL -
GENERAL FUND

For the Year Ended September 30, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Ad valorem taxes	\$ 93,587,179	\$ 93,587,179	\$ 93,356,416	\$ (230,763)
Grant income	4,710,841	4,710,841	5,088,860	378,019
Interest income	750,000	750,000	193,081	(556,919)
Sponsorship fees and other income	50,000	50,000	72,163	22,163
	<u>99,098,020</u>	<u>99,098,020</u>	<u>98,710,520</u>	<u>(387,500)</u>
EXPENDITURES:				
Program services-children's programs	87,029,465	87,097,981	76,407,606	10,690,375
Program services-administrative support	9,155,210	8,996,862	7,653,373	1,343,489
Administrative and general	7,091,401	7,181,233	6,058,367	1,122,866
Capital outlay	248,739	248,739	165,328	83,411
Other	2,718,666	2,718,666	1,314,366	1,404,300
Reserves	4,922,843	4,922,843	-	4,922,843
Contingency	500,000	500,000	-	500,000
	<u>111,666,324</u>	<u>111,666,324</u>	<u>91,599,040</u>	<u>20,067,284</u>
Excess (deficiency) of revenues over expenditures	(12,568,304)	(12,568,304)	7,111,480	19,679,784
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	-	-	(3,546,779)	(3,546,779)
Net change in fund balance	<u>\$ (12,568,304)</u>	<u>\$ (12,568,304)</u>	<u>3,564,701</u>	<u>\$ 16,133,005</u>
FUND BALANCE, October 1, 2009			<u>70,333,860</u>	
FUND BALANCE, September 30, 2010			<u>\$ 73,898,561</u>	

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) TO ACTUAL -
SPECIAL REVENUE FUND
For the Year Ended September 30, 2010

	Special Revenue Fund - Prevention Partnerships			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Ad valorem taxes	\$ 4,131,185	\$ 4,131,185	\$ -	\$ (4,131,185)
Grant income	875,000	875,000	770,644	(104,356)
Total revenues	5,006,185	5,006,185	770,644	(4,235,541)
EXPENDITURES:				
Program services - children's programs	4,875,085	4,875,085	4,185,429	689,656
Program services - administrative support	131,100	131,100	131,994	(894)
Total expenditures	5,006,185	5,006,185	4,317,423	688,762
Excess (deficiency) of revenues over expenditures	-	-	(3,546,779)	(3,546,779)
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	-	-	3,546,779	3,546,779
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE, October 1, 2009			-	
FUND BALANCE, September 30, 2010			\$ -	

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2010

	<u>SAMIS Collaborative</u>
ASSETS:	
Current assets:	
Cash	\$ <u>342,762</u>
Total current assets	<u>342,762</u>
Non-current assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	<u>5,589</u>
Total noncurrent assets	<u>5,589</u>
Total assets	\$ <u><u>348,351</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 68,319
Deferred revenue	<u>50,000</u>
Total liabilities	<u>118,319</u>
NET ASSETS:	
Invested in capital assets	5,589
Unrestricted	<u>224,443</u>
Total net assets	\$ <u><u>230,032</u></u>

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET ASSETS - PROPRIETARY FUND
For the Year Ended September 30, 2010

		<u>SAMIS Collaborative</u>
OPERATING REVENUES:		
Charges for services	\$	<u>69,229</u>
Total operating revenues		<u>69,229</u>
 OPERATING EXPENSES:		
Contractual services		111,149
Provision for depreciation		<u>3,192</u>
Total operating expenses		<u>114,341</u>
Change in net assets		(45,112)
NET ASSETS, October 1, 2009		<u>275,144</u>
NET ASSETS, September 30, 2010	\$	<u><u>230,032</u></u>

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

CHILDREN'S SERVICES OF PALM BEACH COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended September 30, 2010

	<u>SAMIS Collaborative</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	\$ 154,387
Cash payments to suppliers	<u>(209,208)</u>
Net cash used in operating activities	<u>(54,821)</u>
Net decrease in cash	(54,821)
CASH, October 1, 2009	<u>397,583</u>
CASH, September 30, 2010	\$ <u><u>342,762</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ <u>(45,112)</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Provision for depreciation	3,192
Changes in assets and liabilities:	
Decrease in due from other governments	35,158
Decrease in accounts payable	(98,059)
Increase in deferred revenue	<u>50,000</u>
Total adjustments	<u>(9,709)</u>
Net cash used in operating activities	\$ <u><u>(54,821)</u></u>

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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 1 - DESCRIPTION OF THE CHILDREN'S SERVICES COUNCIL

The Children's Services Council of Palm Beach County (the "Council") is an independent special district authorized under the Laws of Florida Statutes Chapter 86-196. The purpose of the Council is to address public policy issues and needs relating to children in Palm Beach County and to respond to those needs by planning, funding, developing and evaluating community programs that are operated for the benefit of Palm Beach County's children and families.

Prevention Partnerships for Children, Inc. (Prevention Partnerships) is a separate non-profit 501(c)(3) corporation started by the Council to carry out the functions previously performed by the Maternal Child Family Health Alliance along with other systems coordinating functions. Prevention Partnerships is reported as a blended component unit, specifically as a special revenue fund, of the Council since the Council members are also the Board members of Prevention Partnerships.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform to United States generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB") and other recognized authoritative sources. The more significant accounting policies are summarized in the following paragraphs.

The Reporting Entity

In accordance with the provisions of Statement No. 14 of the Governmental Accounting Standards Board ("GASB"), *The Financial Reporting Entity* (the "Statement"), the financial reporting entity consists of the primary government and any organizations for which the primary government is financially accountable. Component units are defined by the Statement as legally separate organizations for which the elected officials of the primary government are financially accountable. There is one component unit, as described above, included in the Council's reporting entity.

The Governing Board of the Council is composed of ten members, five of whom are designated by statute and five of whom are appointed by the Governor of Florida. The Council has complete authority to hire management and all other employees and to delegate those responsibilities. The Council is empowered by Florida Statute to levy ad valorem taxes against property owners in Palm Beach County (the "County"). The Council's property tax levy is independent of the levies of the County. The County has no claim to Council surpluses and has no budgetary authority. Based upon application of these criteria the Children's Services Council of Palm Beach County has determined that the Council is a primary government and, accordingly, is not a component unit of the County.

While the Council provides funding for various agencies, each agency is financially independent of the Council. The Council 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, the Council has concluded that it has no oversight responsibility for the various funded agencies and, therefore, their financial statements are excluded from the reporting entity.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the primary government. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support. Eliminations have been made to reduce the effect of interfund activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and the proprietary fund. Major individual governmental funds and the proprietary fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 Council considers property taxes to be available if they are collected within sixty days of the end of the current fiscal year. A six-month availability period is used for all other governmental fund revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, other post-employment benefits and retirement health savings plan are recorded only when a payment is due.

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governmental entities also have the option of following subsequent private sector guidance for their business-type activities, subject to the same limitation. The Council has elected not to follow subsequent private sector guidance.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's ongoing operations. The principal operating revenues relate to technology fees associated with SAMIS. Operating expenses include the cost of providing these services and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then, unrestricted resources as they are needed.

Major Funds

The Council reports the following major governmental funds:

- The General Fund is the Council's primary operating fund. It accounts for all financial resources of the Council.
- The Prevention Partnerships Special Revenue Fund presents the operations of Prevention Partnerships for Children, Inc., which is a blended component unit.

The Council reports the following major enterprise fund:

- SAMIS Collaborative: The Council and five other children's services providers in Florida have an interlocal agreement for the utilization of the Services and Activities Management Information System (SAMIS). Enhancement, operation and replacement fees are billed to the *Council, JWB Children's Services Council of Pinellas County, Children's Services Council of Broward County, Jacksonville Children's Commission, Children's Services Council of Martin County, and The Children's Trust of Miami-Dade County*, each of which use the web based application.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with United States Generally Accepted Accounting Principles ("GAAP"). The reported budgetary data represents the original and the final amended budgets as approved by the Council Members. Budgets are adopted for all funds. The level of control at which expenditures may not legally exceed the budget is at the fund level.

Encumbrances

Encumbrances lapse at year-end. Encumbrances are reported as a reservation of fund balance at year end. Encumbrance accounting is employed as an extension of the formal budgetary process to reflect the estimated amount of future expenditures arising from the issuance of purchase orders, contracts or other forms of legal commitments existing at year-end which will be paid in the future. Encumbrances do not constitute expenditures or liabilities since goods and services have not been received.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

The Council has an investment strategy to maximize the rate of return on its cash balances and provide for its operating cash needs. The investment strategy provides for longer term investments in discount notes issued by U.S. Government agencies, which provide for interest at a fixed rate during the term of the note. Earnings from such investments are recorded as interest income. All investments are stated at amounts that approximate fair value.

Prepaid Items

Payments made to vendors for services that will benefit the period subsequent to September 30, 2010, are recorded as prepaid expenditures. Reported prepaid items are equally offset by a fund balance reserve, which indicates they are unavailable even though they are a component of reported assets. The Council uses the consumption method to account for these costs.

Capital Assets

Capital assets, which include land, intangibles, construction-in-progress, buildings and improvements, and equipment, are reported in the governmental and business-type activities of the government-wide financial statements and the proprietary fund financial statements. Items purchased or acquired are reported at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated.

Maintenance, repairs, and minor renovations are not capitalized. Expenditures that materially increase values or extend useful lives are capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	40
Improvements	7
Equipment	3-10

Depreciation expense is reflected in the government-wide financial statements in accordance with GASB 34 requirements for capital assets greater than \$ 5,000; except under business-type activities where depreciation expense is reflected for capital assets greater than \$ 1,000.

As required by Florida State Statutes, assets with a historical cost greater than \$ 1,000 are tracked and recorded in the fixed asset system. For governmental fund reporting, capital outlay includes all capital expenditures over \$ 1,000.

Fund Balance Reserves and Designations

In the fund financial statements, reserves represent those portions of the fund balance not considered as available for future appropriation or funds legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial sources. Because designations reflect tentative managerial plans or intent, the Council is not bound by such designations.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets represent the difference between assets and liabilities in the government-wide financial statements and the proprietary fund at the governmental fund level. Net assets invested in capital assets, net of related debt (if applicable) consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed in their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Compensated Absences

The costs of vacation and sick leave benefits (compensated absences) are budgeted and expended in the General Fund when payments are made to employees. In addition, the Council will record expenditures at employment termination in the applicable fiscal year. The estimated liability for all accrued and vested vacation and sick leave benefits is recorded in the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Property Taxes

The Council is permitted by Florida Statutes to levy taxes up to 1 mill per \$ 1,000 of assessed valuation. The rate levied for the Council for fiscal year 2010 was .6898 mills. Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for real and personal property located within Palm Beach County. The assessed value at January 1, 2009, upon which the fiscal year 2010 levy was based, was approximately \$ 140.4 billion.

A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien is attached to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the Council based on the amount of receipts reported by the County Tax Collector.

Unearned Revenue / Deferred Revenue

Unearned revenue at the government-wide level arises only when the Council receives resources before it has a legal claim to them. Governmental funds report deferred revenue in connection with resources that have been received, but not yet earned. Governmental funds also defer revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

GASB Statement No. 54 - In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds and clarifies the existing governmental fund type definitions. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The Council is required to implement this Statement in its fiscal year beginning October 1, 2010.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

As of September 30, 2010, the carrying amount of the Council's book balance for deposits in "Qualified Public Depositories" was \$ 3,443,205 and the bank balance was \$ 3,700,522. The Council also had \$ 25 in petty cash for a total carrying amount of \$ 3,443,230.

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida "Qualified Public Depositories" to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Council's deposits at year end are considered insured for custodial credit risk purposes.

Investments

In accordance with Florida Statutes Section 218.45 and the Council's investment policy, the Council is authorized to invest in the Local Government Surplus Trust Fund; negotiable direct obligations of the United States Government; obligations whereby the principal and interest are unconditionally guaranteed by the United States Government; interest-bearing time deposits of the qualified state and national banks or savings and loan associations; obligations of the Federal Farm Credit Banks; Federal Home Loan Mortgage Corporation, including Federal Home Loan Mortgage Corporation participation certificates, or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association; and other Federal agencies and instrumentalities.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2010

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

As of September 30, 2010, the Council had the following investments:

Investments	Fair Value	Weighted Average Maturity (Years)	Credit Rating (Moody's)
U.S. Government Sponsored Agencies:			
Federal National Mortgage Association	\$ 37,493,693	0.32	Aaa
Federal Home Loan Mortgage Corporation	<u>37,479,694</u>	0.08	Aaa
	<u>\$ 74,973,387</u>		

Custodial Credit Risk

For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments that are in the possession of an outside party. The Council's investments are held by a counterparty, not in the name of the Council.

However, coverage for cash and securities in protected counterparty client accounts is provided from two sources. The Securities Investor Protection Corporation protects up to \$ 500,000, of which \$ 250,000 may be cash. The counterparty has obtained additional protection for the remaining net equity balance, if any, of the cash and securities in the investment account. This coverage does not insure the quality of the investments or protect against losses from fluctuating market value.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Council's investment policy limits its investments to high quality investments to control credit risk. Reference should be made to the table on the previous page for applicable credit ratings.

Concentration Credit Risk

GASB Statement 40 requires disclosure when the percent of total investment is 5% or more in any one issuer. External investment pools and investments issued or explicitly guaranteed by the U.S. government are exempt from concentration risk disclosures. The concentration of total investments in the Federal National Mortgage Association (Fannie Mae) is 50% and Federal Home Loan Mortgage Corporation (Freddie Mac) is 50%.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Council does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates; however, it limits maturities in securities to those that do not extend beyond 12 months.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 4 – ACCOUNTS RECEIVABLE

The following are summaries of General Fund accounts receivable amounts:

<u>Due from Other Governmental Units</u>	<u>General Fund</u>
Palm Beach County	\$ 1,218,033
U.S. Department of Health and Human Services	337,826
U.S. Department of Education	104,999
U.S. Department of Children and Families	38,603
U.S. Department of Treasury	11,730
Palm Beach Housing Authority	3,932
	<u>\$ 1,715,123</u>
<u>Other Receivables</u>	<u>General Fund</u>
Healthy Start Coalition of Palm Beach County	\$ 1,531,653
Palm Beach County Child & Family Connections	328,938
Others	51,924
	<u>\$ 1,912,515</u>

NOTE 5 - CAPITAL ASSETS

	<u>Balance October 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance September 30, 2010</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,781,948	\$ -	\$ -	\$ -	\$ 2,781,948
Intangibles - Work in Progress	-	352,305	-	-	352,305
Construction-in-progress	25,661	8,443	34,104	-	-
	<u>2,807,609</u>	<u>360,748</u>	<u>34,104</u>	<u>-</u>	<u>3,134,253</u>
Capital assets being depreciated:					
Building and improvements	19,175,711	42,519	-	-	19,218,230
Equipment	2,492,055	148,471	133,482	-	2,507,044
	<u>21,667,766</u>	<u>190,990</u>	<u>133,482</u>	<u>-</u>	<u>21,725,274</u>
Total capital assets being depreciated	<u>21,667,766</u>	<u>190,990</u>	<u>133,482</u>	<u>-</u>	<u>21,725,274</u>
Total capital assets	<u>24,475,375</u>	<u>551,738</u>	<u>167,586</u>	<u>-</u>	<u>24,859,527</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 5 - CAPITAL ASSETS (continued)

	<u>Balance October 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance September 30, 2010</u>
Less accumulated depreciation:					
Building and improvements	1,053,475	499,215	-	-	1,552,690
Equipment	<u>978,036</u>	<u>306,598</u>	<u>133,482</u>	<u>-</u>	<u>1,151,152</u>
Total accumulated depreciation	<u>2,031,511</u>	<u>805,813</u>	<u>133,482</u>	<u>-</u>	<u>2,703,842</u>
Total capital assets, being depreciated, net	<u>19,636,255</u>	<u>(614,823)</u>	<u>-</u>	<u>-</u>	<u>19,021,432</u>
Governmental activities capital assets, net	<u>\$ 22,443,864</u>	<u>\$ (254,075)</u>	<u>\$ 34,104</u>	<u>\$ -</u>	<u>\$ 22,155,685</u>
Business-type activities:					
Capital assets being depreciated:					
Equipment	<u>\$ 49,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,374</u>
Total capital assets being depreciated	<u>49,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,374</u>
Total capital assets	<u>49,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,374</u>
Less accumulated depreciation:					
Equipment	<u>40,593</u>	<u>3,192</u>	<u>-</u>	<u>-</u>	<u>43,785</u>
Total accumulated depreciation	<u>40,593</u>	<u>3,192</u>	<u>-</u>	<u>-</u>	<u>43,785</u>
Total capital assets, being depreciated, net	<u>8,781</u>	<u>(3,192)</u>	<u>-</u>	<u>-</u>	<u>5,589</u>
Business-type activities capital assets, net	<u>\$ 8,781</u>	<u>\$ (3,192)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,589</u>

Depreciation expense was charged to the following functions during the year:

Governmental activities:

Program services - administrative support	\$ 459,313
Administrative and general	<u>346,500</u>
	<u>\$ 805,813</u>

Business-type activities:

SAMIS Collaborative	<u>\$ 3,192</u>
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CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2010

NOTE 5 - CAPITAL ASSETS (continued)

Effective October 1, 2009, the Council implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets. The preceding Capital Assets schedule depicts Intangibles - Work in Progress in the amount of \$ 352,305 which comprises various costs associated with the internal development of software, a database application.

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for fiscal year ended September 30, 2010:

	Beginning Balance October 1, 2009	Additions (Deletions)	Ending Balance September 30, 2010
	<u> </u>	<u> </u>	<u> </u>
Compensated absences:			
Vacation accrual	\$ 622,587	\$ (42,364)	\$ 580,223
Sick leave accrual	216,812	(28,548)	188,264
Retirement health savings plan payable	-	90,061	90,061
OPEB obligation	<u>33,155</u>	<u>30,272</u>	<u>63,427</u>
 Total long-term liabilities	 <u>\$ 872,554</u>	 <u>49,421</u>	 <u>\$ 921,975</u>

NOTE 7 - OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS

GASB Statement No. 45: *Accounting for Financial Reporting by Employers for Postemployment Benefits Other than Pensions* ("OPEB"), established accounting standards for postretirement benefits. The standard does not require funding of OPEB expense, but any difference between the annual required contribution ("ARC") and the amount funded during the year is required to be recorded in the employer's Statement of Net Assets as an increase (or decrease) in the OPEB obligation. Recognition of the liability accumulated for prior years will be phased in over 30 years, commencing with the 2009 liability. The Council obtained an actuarial valuation in accordance with the standards of the Statement.

Plan Description and Funding Policy

Employees who retire from the Council and their dependents are eligible to continue to participate ("single employer plan") in the Council's health insurance plan (medical, prescription, and dental) currently offered through the Council at the "blended" employee group rate which is determined annually by the Council. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date. Life insurance benefits are portable and the retiree must pay premiums to the carrier directly. As of September 30, 2010, there are no participating retirees in the group health program.

The Council provides no funding for any portion of the premiums after retirement. However, the Council recognizes that there is an "implicit subsidy" arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The plan does not issue a separate financial report. It is the Council's current policy to fund the plan on a "pay-as-you-go" basis.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2010

NOTE 7 - OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation:

The annual OPEB cost for the Council for the current year and the related information is as follows:

Development of Annual Required Contribution (ARC):		
Employer Normal Cost	\$	25,664
Amortization of unfunded actuarial accrued liability		7,272
Interest Adjustment		<u>1,317</u>
Total ARC for FY September 30, 2010		<u>34,253</u>
Interest on Net OPEB obligation		1,326
Adjustments to Net OPEB obligation		<u>(1,844)</u>
Annual OPEB Cost		33,735
Assumed Contributions		<u>(3,463)</u>
Increase in net OPEB obligation		30,272
Net OPEB obligation, October 1, 2009		<u>33,155</u>
Net OPEB obligation, September 30, 2010	\$	<u><u>63,427</u></u>

The funded status of the plan as of October 1, 2008 was as follows:

Actuarial Accrued Liability	\$	130,774
Actuarial Value of Plan Assets	\$	-
Unfunded Actuarial Accrued Liability (UAAL)	\$	130,774
Funded Ratio		0.00%
Covered Payroll	\$	7,953,014
UAAL as a percentage of covered payroll		1.64%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the Council are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress (only one year available), presented as required supplementary information following the notes to the financial statements, is designed to provide multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. However, the Council has not contributed assets to the plan at this time.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2010

NOTE 7 - OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the Council and the plan members at that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce the short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for the valuation are as follows:

Measurement Date:	October 1, 2008
Actuarial Cost Method:	Projected Unit Credit
Amortized Method:	Level Dollar Payment
Amortized Period:	30 Years
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Discount Rate:	4%
Healthcare Cost Trend Assumption:	13% reduced linearly to 5% by 2018, and remaining at 5% for fiscal 2019 and thereafter.
Participation Rate	50%

NOTE 8 - DUE TO AGENCIES

The balance of \$ 7,621,395 in due to agencies represents reimbursement expenditures to funded agencies for services substantially performed in August and September 2010.

NOTE 9 - DESIGNATED FUND BALANCE

On September 23, 2010, the TRIM public hearing and management designated certain funding for special funds and initiatives as follows:

Positive Connections	\$ 4,022,389
Quality Childcare Program	2,771,319
Healthy Beginnings	1,989,064
Evidenced Based Program Initiative	92,000
Special Funds	<u>80,000</u>
Total	<u>\$ 8,954,772</u>

The Council designated \$ 1,000,000, under the Partnership Fund, to be spent for other children's programs, at the discretion of the Chief Executive Officer, in subsequent years.

The Council designated \$ 4,919,975 to establish a risk pool for access by agencies whose expenditure experience was in excess of that calculated by the Council for their 2010/2011 allocation.

The Council also designated \$ 5,285,918 of the fund balance for contingencies. This amount provides for a total contingency of approximately five percent of the budget for the fiscal year ending September 30, 2010.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 10 - COMMISSIONS OF PROPERTY APPRAISER AND TAX COLLECTOR

The budget of the property appraiser's office, as approved by the Department of Revenue, is the basis upon which taxing authorities of the County (except municipalities and the district school board) are billed by the property appraiser for services rendered. Each taxing authority is billed an amount that bears the same proportion to the total amount of the budget as its share of ad valorem taxes bore to the total levied for the preceding year. The Council paid fees of \$ 690,331 to the property appraiser for the year ended September 30, 2010.

The tax collector's actual costs of collection must not exceed 2% of the tax revenues collected. The Council's fee charges for the year amounted to \$ 624,035 or 0.7% of tax revenues collected.

NOTE 11 - PENSION PLAN AND DEFERRED COMPENSATION PLAN

Pension Plan

The Council had previously adopted a defined contribution pension plan administered by an insurance company effective February 1989. The plan's vesting schedule is as follows: 25% after two years of service, 50% after three years of service, 75% after four years of service and 100% after five years of service. In addition, a plan participant who is an employee of the Council on or after the normal retirement age (age 65) or who meets the early retirement age (age 55) shall be 100% vested. Finally, if an employee of the Council becomes totally or permanently disabled or dies the vesting percentage shall be 100%.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions and forfeitures of other participants' benefits that may be allocated to such participant's account.

The Council is required to contribute 13% of the covered employee's regular salary for employees employed less than ten years, 15% for employees employed ten to fourteen years, 17% for employees employed fifteen to nineteen years, and 19% for employees with twenty or more years of employment. Eligible employees have completed one year of service of at least 1,000 hours, and are at least 18 years old. Any employment in the non-profit health or social services field during the three year period immediately preceding employment with the Council will count as service for purposes of active participation. During the year, the Council's required contributions amounted to approximately \$ 1,081,000, which is 14.23% of the current year's covered payroll. Contributions to the pension plan are made monthly. There were four forfeitures totaling approximately \$ 46,700 processed for the defined contribution plan during 2010. For the year ended September 30, 2010, the Council's total payroll (not including accrued benefits) for all employees was approximately \$ 8,028,000 and the Council's contributions to the plan were based on a payroll of approximately \$ 7,599,200.

No material pension provision changes occurred during the year. The pension plan held no securities of the Council or other related parties during the year or as of the close of the fiscal year. This plan is administered by Principal Financial Group. Under this plan, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not included in the Council's financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 11 - PENSION PLAN AND DEFERRED COMPENSATION PLAN (continued)

Deferred Compensation Plan

Employees of the Council may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code ("IRC") Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the Council.

Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. In general, the deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The plan provisions provide that all assets of the plan be held in trust, or under one or more appropriate annuity contracts or custodial accounts, for the exclusive benefit of plan participants and their beneficiaries.

This plan is administered by Principal Financial Group. Under the plan, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not included in the Council's financial statements.

NOTE 12 - RETIREMENT HEALTH SAVINGS PLAN

The Council had previously adopted a Retirement Health Savings Plan (RHS) administered by ICMA Retirement Corporation effective January 1, 2006. The RHS is to be used for qualified health expenses during retirement.

Participation in the plan is mandatory for all full time employees and part-time employees who work an average of 21 hours per week (90 days minimum period of service and over 18 years of age). The plan is a defined contribution plan, funded based on the schedule discussed below. All contributions to the plan are on a pre-tax basis and withdrawals are tax-free if used by the participant, spouse or dependent for qualified expenses. Annual mandatory employee sick leave contributions are as follows: 0% if less than 100 hours accrued, 20% if 100-249 hours accrued, 25% if 250-499 hours accrued, 30% if 500-999 hours accrued, 35% if 1,000 or more hours accrued. All employees must maintain an accrued sick leave balance of 80 hours. In addition, direct employer contributions on behalf of each eligible participant provides for a 20% supplemental bonus on their cash balance in the plan upon the participant reaching 400 hours of sick leave contributions. This bonus would be paid at separation, only if the participant is at least age 55 and vested in the Council's pension plan. This bonus (payable) at September 30, 2010 was estimated at \$ 90,061 and is included as a liability in the Statement of Net Assets.

Each participant's account balance is deemed 100% vested at all times; however, to be eligible to receive RHS benefits at separation, the participant must meet the requirements discussed above. In addition, benefits are payable if a participant becomes totally or permanently disabled or upon death.

During the year, the Council contributed, on behalf of its employees, approximately \$ 161,600 to the RHS.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2010

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Children's Programs

On September 23, 2010, the Council approved direct services funding for next year's children's programs in the amount of \$ 88,828,946. Special funds and initiatives were designated for \$ 8,954,772 (Note 9). The remaining \$ 79,874,174 is for contracted programs with various providers of children's services, marketing and public information, database management and evaluations of systems and networks.

Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council purchases commercial insurance to cover the various risks. Retention of risks is limited to the excess of those that are insured, those risks that are uninsurable, and deductibles ranging from \$ 1,000 (damage) to \$ 1,000,000 (natural disaster) per occurrence. Review of the past three years reveals settled claims have not exceeded insurance coverage.

Grant Funding

Funding agreements for various grants are entered into on an annual basis. The release of funds is subject to terms and deliverables agreed upon with the grantor agencies. Program expenditures made by the Council are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. As of September 30, 2010, the Council had no disallowed expenditures, as a result of such audits, requiring payback.

NOTE 14 - LEASES

The Council leases equipment under various operating lease agreements at a base monthly rental aggregating approximately \$ 3,600 through July 2012. Total rental expense in connection with these and other expired agreements, including ancillary charges, amounted to approximately \$ 66,000 for the year ended September 30, 2010.

The future minimum base lease payments applicable to these leases are approximately as follows:

<u>Year ending September 30.</u>		
2011	\$	30,100
2012	\$	3,200
Thereafter	\$	NONE

SUPPLEMENTAL INFORMATION

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
SUPPLEMENTAL SCHEDULE OF ADMINISTRATIVE EXPENDITURES -
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended September 30, 2010

	Administrative and General			Program Services-Administrative Support		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
PERSONAL SERVICES:						
Salaries	\$ 3,372,059	\$ 3,207,282	\$ 164,777	\$ 4,935,402	\$ 4,536,674	\$ 398,728
FICA	257,964	220,421	37,543	377,559	338,184	39,375
Retirement	584,653	518,346	66,307	794,797	648,272	146,525
Florida unemployment	16,157	16,892	(735)	21,843	23,060	(1,217)
Worker's compensation	25,949	9,998	15,951	38,961	16,466	22,495
Health/life/AD&D	573,032	513,321	59,711	882,008	815,740	66,268
Temporary personnel	17,100	14,632	2,468	-	-	-
Tuition reimbursement	45,000	42,477	2,523	-	-	-
Other fringe benefits	22,000	22,000	-	-	-	-
Total personal services	4,913,914	4,565,369	348,545	7,050,570	6,378,396	672,174
TRAVEL:						
Travel-in-area	33,953	15,389	18,564	36,585	14,790	21,795
Conferences/staff development	115,645	77,332	38,313	186,551	127,941	58,610
Council member travel	5,000	3,686	1,314	-	-	-
Total travel	154,598	96,407	58,191	223,136	142,731	80,405
BUILDING	256,739	221,829	34,910	401,894	364,837	37,057
COMMUNICATIONS:						
Telephones	55,216	48,327	6,889	89,927	69,210	20,717
Postage	24,517	8,384	16,133	37,943	15,386	22,557
Total communications	79,733	56,711	23,022	127,870	84,596	43,274
PRINTING AND SUPPLIES:						
Printing	80,848	39,337	41,511	51,752	18,086	33,666
Supplies	90,493	48,653	41,840	133,751	65,872	67,879
Total printing and supplies	171,341	87,990	83,351	185,503	83,958	101,545
CONTRACTUAL SERVICES:						
Professional	455,000	338,628	116,372	320,000	113,987	206,013
OTHER:						
Insurance	375,000	202,069	172,931	-	-	-
Conference sponsorship	-	-	-	20,000	400	19,600
Dues and subscriptions	216,049	173,055	42,994	18,401	14,827	3,574
Training and development	123,000	22,322	100,678	409,100	297,410	111,690
Planning and policy issues	100,000	446	99,554	-	-	-
Public notices, employment advertising and background checks	16,095	12,314	3,781	18,705	12,236	6,469
Copier equipment	38,607	24,459	14,148	61,269	40,524	20,745
Computer maintenance	262,371	256,768	5,603	-	-	-
Emergency maintenance	18,786	-	18,786	30,414	-	30,414
National perspectives	-	-	-	130,000	119,471	10,529
Total other	1,149,908	691,433	458,475	687,889	484,868	203,021
Total administrative expenditures	\$ 7,181,233	\$ 6,058,367	\$ 1,122,866	\$ 8,996,862	\$ 7,653,373	\$ 1,343,489

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
SUPPLEMENTAL SCHEDULE OF CAPITAL OUTLAY AND OTHER EXPENDITURES -
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended September 30, 2010

	General			Children's Programs		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
CAPITAL OUTLAY:						
Furniture, fixtures and equipment	\$ 248,739	\$ 165,328	\$ 83,411	\$ -	\$ -	\$ -
Total capital outlay	<u>\$ 248,739</u>	<u>\$ 165,328</u>	<u>\$ 83,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER EXPENDITURES:						
Property appraiser fee	\$ 749,057	\$ 690,332	\$ 58,725	\$ -	\$ -	\$ -
Tax collector fee	<u>1,969,609</u>	<u>624,034</u>	<u>1,345,575</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other expenditures	<u>\$ 2,718,666</u>	<u>\$ 1,314,366</u>	<u>\$ 1,404,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES - CHILDREN'S PROGRAMS -
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended September 30, 2010

	Children's Programs		
	Final Budget	Actual	Variance
<u>QUALITY CHILDCARE PROGRAM</u>			
Early Care:			
Continue to Care	\$ 13,585,209	\$ 12,911,859	\$ 673,350
Childcare Slots	3,832,139	3,832,068	71
Professional Development	3,692,843	3,650,020	42,823
Coaching and Personnel Enhancements	1,594,161	1,567,027	27,134
QIS Payments	1,575,750	1,466,268	109,482
Budding Readers Expansion Project	190,000	167,232	22,768
Match - School Readiness	258,592	255,090	3,502
Reach Out and Read	456,697	444,715	11,982
Subtotal Early Care	<u>25,185,391</u>	<u>24,294,279</u>	<u>891,112</u>
Program Organizational Development:	<u>4,835,263</u>	<u>4,738,282</u>	<u>96,981</u>
TOTAL QUALITY CHILDCARE PROGRAM	<u>30,020,654</u>	<u>29,032,561</u>	<u>988,093</u>
<u>HEALTHY BEGINNINGS PROGRAM</u>			
School and Family Support Services	3,854,154	3,774,476	79,678
Entry Agency Prenatal	3,370,046	3,316,641	53,405
Healthy Start Nurses	3,100,000	3,047,197	52,803
Early Childhood Wellness Program	2,023,767	1,875,398	148,369
Entry Agency 0-5	2,024,387	1,844,441	179,946
Early Steps	1,797,211	1,797,205	6
Bright Beginnings	1,853,549	1,706,724	146,825
HIPPY	1,393,335	1,375,186	18,149
Parent Child Home	1,528,961	1,336,971	191,990
Nurse Family Partnership	1,386,550	1,219,840	166,710
Healthy Families - Florida	965,751	897,348	68,403
Family Preservation Services	770,865	748,142	22,723
Primary Project	532,543	532,504	39
Triple P Level 4 and 5	523,161	481,852	41,309
Parenting Smart Babies	475,500	469,018	6,482
Outreach & Navigational Services	440,000	434,165	5,835
Family and Baby Outreach	437,441	414,181	23,260
First Step to Success	383,153	356,772	26,381
Outreach & Navigational Services	440,791	350,045	90,746
Healthy Beginnings Centering	405,050	304,179	100,871
Healthy Beginnings - Mental Health Services	400,000	266,634	133,366
HB Call Center	184,213	180,837	3,376
Parent - Child Home	165,184	150,367	14,817
Transitions Mentoring Program	147,735	140,088	7,647
Unallocated Expansion/Enhancement	3,048,962	-	3,048,962
Sub-Total Healthy Beginnings Program	<u>31,652,309</u>	<u>27,020,211</u>	<u>4,632,098</u>

(Continued)

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES - CHILDREN'S PROGRAMS -
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended September 30, 2010

	Children's Programs		
	Final Budget	Actual	Variance
(Continued)			
Beacon & Family Resources Centers:			
Beacon Center at West Riviera Beach Elementary	721,304	555,504	165,800
The Village Academy	792,852	533,802	259,050
Beacon Center at Forest Park Elementary	590,565	505,032	85,533
Beacon Center at Pahokee Elementary	680,000	501,352	178,648
Beacon Center at Pioneer Park Elementary	607,242	460,764	146,478
Beacon Center at Barton Elementary	537,611	398,449	139,162
Beacon Center at Bridges Beacon	390,337	387,252	3,085
Beacon Center at Pleasant City Elementary	482,290	376,620	105,670
Beacon Center at Washington Elementary	507,642	350,270	157,372
Beacon Center at Lantana Elementary	484,889	347,472	137,417
Family Resource Center	346,275	338,670	7,605
Beacon Center at South Grade Elementary	513,956	324,433	189,523
Riviera Beach Family Resource Center	350,720	322,951	27,769
Beacon Center At Northmore Elementary	315,970	307,936	8,034
Beacon Center at Westgate Elementary	312,564	297,249	15,315
Sub-Total Beacon & Family Resources Centers	7,634,217	6,007,756	1,626,461
TOTAL HEALTHY BEGINNINGS PROGRAM	39,286,526	33,027,967	6,258,559
<u>POSITIVE CONNECTIONS</u>			
Countywide:			
Foster Grandparents	306,690	303,533	3,157
Grief and Loss Collaborative	246,107	164,965	81,142
211 Information and Crisis Services	116,422	116,422	-
HOPE	104,195	103,521	674
Sub-Total Countywide	773,414	688,441	84,973
Advocacy & Oversight:			
Foster Children Project	1,863,260	1,855,028	8,232
Juvenile Advocacy Project	268,634	267,268	1,366
Access For Success	160,260	159,605	655
Relative Caregiver Project	81,275	81,275	-
Sub-Total Advocacy & Oversight	2,373,429	2,363,176	10,253

(Continued)

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES - CHILDREN'S PROGRAMS -
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended September 30, 2010

(Continued)	Children's Programs		
	Final Budget	Actual	Variance
Healthy Choices:			
Teen Pregnancy Prevention	601,593	537,042	64,551
Teen Time/Adolescent Life Skills	499,172	465,527	33,645
Adult Role Models	354,003	325,459	28,544
Sub-Total Healthy Choices	<u>1,454,768</u>	<u>1,328,028</u>	<u>126,740</u>
Mentoring:			
Center Mentors	141,809	133,303	8,506
Mentoring at the Bridges Beacon	124,700	120,300	4,400
Mentoring at Pioneer Park Beacon	79,633	77,180	2,453
Community Mentoring Program	75,279	74,378	901
Milagros Mentoring Program	76,399	71,566	4,833
Mentoring Kids	67,275	66,538	737
Covenant Villas Youth Enrichment	82,889	45,928	36,961
Sub-Total Mentoring	<u>647,984</u>	<u>589,193</u>	<u>58,791</u>
TOTAL POSITIVE CONNECTIONS	<u>5,249,595</u>	<u>4,968,838</u>	<u>280,757</u>
Provider late penalties	-	(1,371)	1,371
Prior year contracted programs refunds	-	(78,974)	78,974
TOTAL CONTRACTED PROGRAMS	<u>74,556,775</u>	<u>66,949,021</u>	<u>7,607,754</u>
SPECIAL FUNDS & INITIATIVES:			
Positive Connections	3,415,529	2,306,596	1,108,933
Early Childhood Education	1,465,675	1,789,445	(323,770)
Projects/Databases	2,235,971	1,853,983	381,988
Healthy Beginnings Program	3,710,000	2,173,279	1,536,721
Community Resource Development	518,650	364,907	153,743
Other Initiatives	246,000	234,514	11,486
Resource Development Initiative	369,381	281,880	87,501
Public Education	580,000	453,981	126,019
TOTAL SPECIAL FUNDS & INITIATIVES	<u>12,541,206</u>	<u>9,458,585</u>	<u>3,082,621</u>
Total Direct Allocations to Children's Programs	<u>\$ 87,097,981</u>	<u>\$ 76,407,606</u>	<u>\$ 10,690,375</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES - CHILDREN'S PROGRAMS -
BUDGET TO ACTUAL - PREVENTION PARTNERSHIPS
For the Year Ended September 30, 2010

	Children's Programs		
	Final Budget	Actual	Variance
<u>QUALITY CHILDCARE PROGRAM</u>			
Certified Teachers	\$ 3,300,000	\$ 3,013,665	\$ 286,335
Bridges Beacon	244,251	233,101	11,150
Sub-Total Quality Childcare Program	3,544,251	3,246,766	297,485
<u>HEALTHY BEGINNINGS PROGRAM</u>			
WHIN Nurses	457,354	9,847	447,507
WHIN Nutritionist/Breastfeeding	155,480	99,054	56,426
WHIN Evaluation	60,000	257,748	(197,748)
WHIN Community Voice	278,000	447,997	(169,997)
School Age Child Care	370,000	74,017	295,983
WHIN Dental	10,000	50,000	(40,000)
Sub-Total Healthy Beginnings Program	1,330,834	938,663	392,171
Total program expenditures - Children's Programs	\$ 4,875,085	\$ 4,185,429	\$ 689,656

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST-EMPLOYMENT BENEFITS PLAN

An analysis of funding progress for the Unfunded Actuarial Accrued Liability (UAAL) for the most recent actuarial valuation date available is presented as follows:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
10/1/2008	\$ -	\$ 130,774	\$ 130,774	0%	\$ 7,953,014	1.64%

**INTERNAL CONTROL AND
COMPLIANCE SECTION**



INDEPENDENT AUDITORS' 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*

To the Honorable Chairman and Council Members of
Children's Services Council of Palm Beach County
Boynton Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Children's Services Council of Palm Beach County (the "Council"), as of and for the year ended September 30, 2010, which collectively comprise the Council's basic financial statements and have issued our report thereon dated April 26, 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 Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council'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 Council, management, others within the entity, Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 26, 2011



INDEPENDENT AUDITORS' 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

To the Honorable Chairman and Council Members of
Children's Services Council of Palm Beach County
Boynton Beach, Florida

We have audited the compliance of the Children's Services Council of Palm Beach County ("the Council"), with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major Federal programs for the year ended September 30, 2010. The Council's major Federal programs 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 is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council'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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 occurred. An audit includes examining, on a test basis, evidence about the Council'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 of the Council's compliance with those requirements.

In our opinion, the Council, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

Children's Services Council of Palm Beach County

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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

This report is intended solely for the information and use of the Council, management, others within the entity, Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 26, 2011

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2010

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Children's Services Council of Palm Beach County.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the Children's Services Council of Palm Beach County were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal programs are reported in the Independent Auditors' 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.
5. The auditors' report on compliance for the major Federal programs for the Children's Services Council of Palm Beach County expresses an unqualified opinion.
6. There are no audit findings relative to the major Federal programs for the Children's Services Council of Palm Beach County reported in Part C of this schedule.
7. The programs tested as major programs are as follows:

<u>Federal Program</u>	<u>CFDA No.</u>
United States Department of Health and Human Services – Healthy Start Initiative	93.926
Adoption Assistance	93.659

8. The threshold for distinguishing Types A and B programs was \$ 300,000.
9. Children's Services Council of Palm Beach County qualifies as a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

D. OTHER ISSUES

1. A separate management letter was not issued in conjunction with this engagement.
2. No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal programs.
3. No corrective action plan is required because there were no findings reported under OMB Circular A-133.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Disbursements/ Expenditures	Amounts Paid to Subrecipients
FEDERAL AGENCY NAME:			
Direct Programs:			
U.S. Department of Health and Human Services			
Healthy Start Initiative *	93.926	\$ 768,430	\$ 663,967
Social Services Research and Demonstration	93.647	95,000	-
U.S. Department of Education			
Fund for the Improvement of Education	84.215	766,411	692,318
Indirect Programs:			
U.S. Department of Health and Human Services			
Passed through Healthy Start Coalition of Palm Beach County, Inc.			
Medical Assistance Program	93.778	1,174,001	1,132,690
Maternal and Child Health Services			
Block Grant to States	93.994	256,040	256,040
Passed through Florida Department of Children and Families			
Adoption Assistance *	93.659	162,486	162,486
Foster Care-Title IV-E	93.658	16,789	16,789
Children's Justice Grants to States	93.643	453	453
Temporary Assistance for Needy Families	93.558	156	156
Total Federal Awards		\$ <u>3,239,766</u>	\$ <u>2,924,899</u>

* Denotes a major program

Note: This schedule was prepared on the accrual basis of accounting.



INDEPENDENT AUDITORS' REPORT TO COUNCIL MANAGEMENT

To the Honorable Chairman and Council Members of
Children's Services Council of Palm Beach County
Boynton Beach, Florida

We have audited the basic financial statements of the Children's Services Council of Palm Beach County (the "Council"), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated April 26, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters; Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated April 26, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding 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 that the Children's Services Council of Palm Beach County 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. In connection with our audit, we did not have any such recommendations.

Children's Services Council of Palm Beach County

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Children's Services Council of Palm Beach County is an independent special taxing district authorized under the Laws of Florida Statutes Chapter 86-196. The Council has one component unit, Prevention Partnerships for Children, Inc., a nonprofit 501(c)(3) corporation organized in the State of Florida and incorporated on March 8, 2004.

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 Council 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 Council 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.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Council'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
April 26, 2011