

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CHILDREN'S SERVICES COUNCIL
OF PALM BEACH COUNTY
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018



Issued By:
Lisa Williams-Taylor, Ph.D., Chief Executive Officer

Prepared By:
Debra Heim, Chief Financial Officer

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

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INTRODUCTORY SECTION

March 15, 2019

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

Dear Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the Children's Services Council of Palm Beach County (the "Council"), as of and for the year ended September 30, 2018, 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 U.S. generally accepted auditing standards.

The financial statements included in this report conform to United States generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). The Council is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. The financial statements have been audited by Caler, Donten, Levine, Cohen, Porter & Veil, P.A. The independent auditors have issued an unmodified opinion that this report fairly presents the financial position of the Council and complies with all reporting standards noted above.

The contents of this report are aimed at compliance with GASB pronouncements, including Statement No. 34, requiring the preparation of government-wide financial statements on a full accrual basis of accounting for all funds and including Management's Discussion and Analysis. Also included are additional and enhanced Statistical Tables required by GASB Statement No. 44.

The Reporting Entity and Its Services

Children's Services Council of Palm Beach County, a special district created by Palm Beach County voters in 1986, provides leadership, funding, services and research on behalf of the County's children so they grow up healthy, safe and strong. To make the biggest impact possible, we focus on prenatal care and early childhood development so more Palm Beach County children are born healthy, remain free from abuse and neglect, are ready for kindergarten and have access to quality afterschool and summer programming. To reach these goals, we fund local nonprofit and other agencies, which provide proven, high-quality services to our County's children and their families.

The ten member Council is comprised of five (5) individuals appointed by the Governor to four year terms and five (5) members appointed by virtue of the office or position they hold within the community. The Council members 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.

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 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 level basis. This report includes all disclosures necessary to enable the reader to gain an understanding of the financial affairs of the Council.

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.

Financial Information:

Internal Controls

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.

Budgetary Control

An annual appropriated budget is adopted for all governmental funds. In accordance with Council's policy, the level of control at which expenditures may not legally exceed the budget is at the function level. Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are recorded in the accounting records, is utilized throughout the fiscal year.

Fund Balances/Net Position

Fund balances classified as restricted are those with externally enforceable limitations on use. Fund balances classified as committed can only be used for specific purposes determined by formal action of the Council Members through a resolution. Commitments can only be changed or lifted by the Council Members through formal action. Assigned fund balances are amounts that the Council intends to use for a specific purpose but are neither restricted nor committed. The authority to establish assigned fund balance may be delegated to the Chief Executive Officer or the Finance Committee, by Council Members through resolution. Unassigned fund balance can be viewed as the net resources available at the end of the year.

Net position represents the difference between assets and liabilities in the government-wide financial statements and the proprietary fund at the governmental fund level. Investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation

or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Retirement Programs

The Council contributes to a defined contribution pension plan created in accordance with Internal Revenue Code regulations. The plan currently covers all regular full-time and regular part-time employees of the Council. Under the plan, the Council contributes between 13% and 19% depending on the employee's length of service, for employees hired prior to January 1, 2012. For employees hired on or after January 1, 2012, the Council contributes 5% of the covered employee's regular salary and matches employee contributions 100% up to an additional 5% of their regular salary. 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 and the returns earned on investments on those contributions. Forfeitures offset the monthly billings but are not reallocated to other participants accounts.

In order to encourage employees to supplement the defined contribution plan, a deferred compensation program, IRC Section 457, is also available to all regular full-time and regular part-time employees. Under this program, employees may voluntarily elect to defer a portion of their salary to future years.

Both programs are administered by Alerus Financial, N.A. under a trust agreement. The plan assets are separate and the Council does not exercise any control or fiduciary responsibility over the assets. Therefore, the assets, liabilities and transactions are not included in the Council's financial statements.

Long Term Financial Planning

Palm Beach County voters gave overwhelming support for the county's children in November, 2014 by reauthorizing the Children's Services Council. As a result of the reauthorization, the Council has been empowered to continue the work into the future for the children and the community. The economy in Palm Beach County has been improving over the last few years as demonstrated by increased property values in the county. Budget forecasting will determine the future millage in order to provide the same or increased levels of service to the children.

Independent Auditor

The Council's financial statements have been audited by Caler, Donten, Levine, Cohen, Porter & Veil, P.A. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Children's Services Council for the fiscal year ended September 30, 2018, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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, 2018, are fairly presented in conformity with GAAP. The independent auditor's 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* require 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 Compliance Section of this report.

GAAP requires 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.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Children's Services Council of Palm Beach County for its comprehensive annual financial report for the fiscal year ended September 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Finance Division. We express our appreciation to all members of the Departments who assisted and contributed to its preparation. We also wish to thank the Council Members for their dedicated service and support.

Respectfully submitted,



Lisa Williams-Taylor, Ph.D.
Chief Executive Officer



Debra Heim
Chief Financial Officer

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SEPTEMBER 30, 2018

LIST OF PRINCIPAL OFFICIALS

COUNCIL MEMBERS

Thomas P. Weber, Chairperson

Thomas Bean, Vice Chairperson

Vincent Goodman, Secretary

Jose Luis Rodriguez

Donald E. Fennoy II, Ed.D.

James Martz

Thomas E. Lynch

Vern Melvin

Debra Robinson, M.D.

Paulette Burdick

EXECUTIVE STAFF

Lisa Williams-Taylor, Ph.D., Chief Executive Officer

Debra Heim, Chief Financial Officer

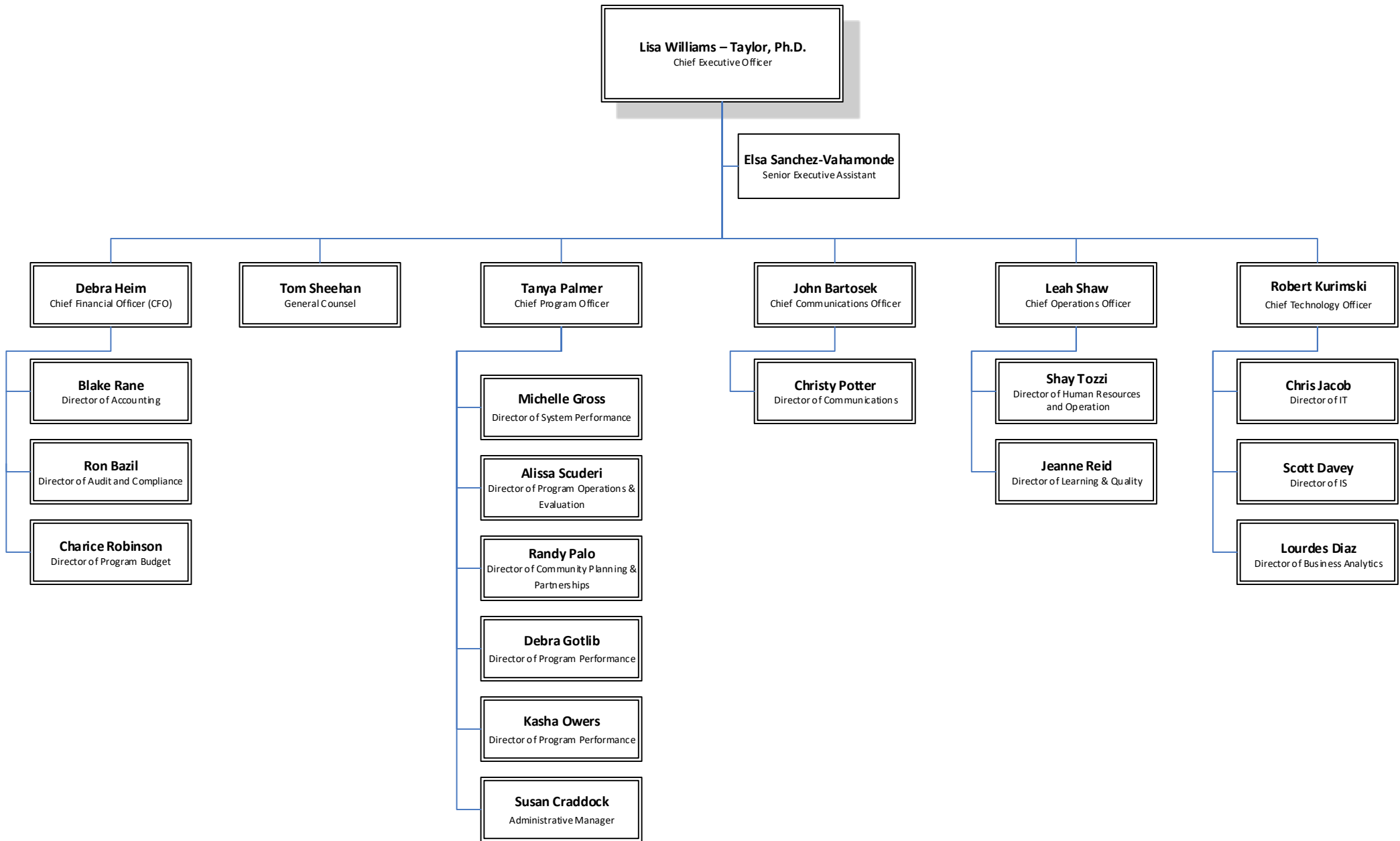
Tanya Palmer, Chief Program Officer

John Bartosek, Chief Communications Officer

Leah Shaw, Chief Operations Officer

Robert Kurimski, Chief Technology Officer

Thomas A. Sheehan, III, General Counsel





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Children's Services Council
of Palm Beach County, Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA
LAURA E. CLARK, CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948
TELEPHONE: (561) 832-9292

850 NW FEDERAL HIGHWAY, SUITE 121
STUART, FL 34994-1019
TELEPHONE: (772) 872-2123

info@cdlcpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental 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, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Council, as of September 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the major Special Revenue Fund – Prevention Partnerships for the year then ended in accordance with U.S. generally accepted accounting principles.

Accounting Change

As discussed in Note A to the financial statements, the Council adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended September 30, 2018. The net position of the governmental activities at October 1, 2017, has been restated for this change in accounting. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management’s discussion and analysis on pages 4 through 8 and the other postemployment benefits information on page 40 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council’s basic financial statements. The introductory section, the other supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

*Cale, Dutton, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
March 15, 2019

Management's Discussion and Analysis

Our discussion and analysis of the Children's Services Council of Palm Beach County's (the "Council" or "CSC") financial performance provides an overview of the Council's financial activities for the fiscal years ended September 30, 2018 and 2017. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 9.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) 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 11. 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. The notes to the financial statements (on pages 17-39) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements, and are required by U.S. generally accepted accounting principles. This report also contains required supplementary information on page 40, other supplemental information on pages 41-46, statistical tables on pages 47-66, and internal control and compliance reports beginning on page 67.

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 Position* presents information on all of the Council's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as *net position*.

The *Statement of Activities* presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position 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., earned but unused vacation and sick leave and other postemployment obligations).

These two statements report the Council's net position and changes in net position. You can think of the Council's net position—the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources—as one way to measure the Council's financial health, or financial position. Over time, increases or decreases in the Council's net position 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.

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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council’s programs. The relationship (or difference) between governmental activities and governmental funds is described 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”). There are classifications for fund balances to enhance the usefulness and make its categories more easily understood. Additionally, all governments are required to present consistent fund balance classification/information which improves financial reporting. More information on the fund balance categories and the respective amounts can be found in the Notes to the Financial Statements on pages 21 and 22.

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.

The Council’s not-for-profit “arm”, Prevention Partnerships for Children, Inc. (“Prevention Partnerships”), was created in 2004 to allow certain entities to conduct business with a not-for-profit agency (such as foundations or government funders). The purposes for which Prevention Partnerships is organized are exclusively charitable, cultural, scientific and educational, within the meaning of Section 501(c)(3) of the Internal Revenue Code, principally to support system coordination in Palm Beach County by building capacity of individuals and organizations, and creating opportunities for system integration.

The Council adopts an annual appropriated budget for both of its governmental funds. Budgetary comparison schedules have been provided for the General Fund and for Prevention Partnerships and can be found on pages 15 and 16 of the report.

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 17 to 39 of this report.

Government-wide Financial Analysis

As noted earlier, net position 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$62,791,931 at the close of the most recent year. This is a decrease of \$4,620,862 from the prior year.

**Statements of Net Position - Governmental Activities
September 30, 2018 and 2017**

	2018	2017
ASSETS		
Current and other assets	\$ 58,458,122	\$ 63,159,450
Capital assets, net	17,098,171	18,124,662
Total Assets	75,556,293	81,284,112
 DEFERRED OUTFLOWS		
Deferred outflows related to OPEB	4,463	-
 LIABILITIES		
Noncurrent liabilities	933,490	940,710
Other liabilities	11,575,004	12,772,620
Total Liabilities	12,508,494	13,713,330
 DEFERRED INFLOWS		
Deferred inflows related to OPEB	260,331	-
 NET POSITION		
Investment in capital assets	17,098,171	18,124,662
Unrestricted	45,693,760	49,446,120
Total Net Position	\$ 62,791,931	\$ 67,570,782

Total assets decreased in 2018 by \$5,727,819 mainly due to the net effect of a decrease in cash and investments of \$5,471,001, an increase in due from other governmental units and other receivables of \$771,453 and a decrease in net capital assets of \$1,026,491. The decrease in cash and investments is due to the increase in expenses over revenue for 2018. The increase in due from other governmental units and other receivables is due to timing and monies due to the Council for program expenditures. Capital assets decreased due to depreciation expense for the period. Total liabilities decreased by \$1,204,836 primarily due to a decrease in due to program service providers of \$1,412,737, net of an increase of \$215,121 in accounts payable and accrued expenses.

Revenues for general governmental functions totaled \$118,114,727 in 2018, an increase of 1.5% from 2017. Property taxes are the main source of revenue for the Council. Property taxes produced 95.2% of the revenues in 2018 compared to 93.6% in 2017.

	2018	2017	Percent of Total	
			2018	2017
Revenue source:				
Ad valorem property taxes	\$ 112,434,398	\$ 108,983,420	95.19%	93.63%
Operating contributions and grants	4,218,387	6,445,350	3.57%	5.54%
Investment income	1,193,296	562,469	1.01%	0.48%
Miscellaneous	268,646	404,224	0.23%	0.35%
Total	\$ 118,114,727	\$ 116,395,463	100.00%	100.00%

Assessed property valuation of \$177,260,171,007 for fiscal year 2018 represented a 7.10% increase over \$162,509,256,071 for fiscal year 2017. This increase was due to an increase of gross taxable property values throughout the County. The current tax collections were 96.2% of the total tax levy compared to 96.1% in the previous year. The Council's maximum tax rate is \$ 1.00 per \$ 1,000 of assessed tax value.

Expenses for general governmental purposes totaled \$122,735,589 as compared to \$114,706,982 in the previous year. Changes in levels of expenses for major functions of the Council are shown in the following table:

Expenses	2018	2017	Percent of Total	
			2018	2017
Program services				
Children's programs	\$ 105,869,659	\$ 98,148,862	86.26%	85.56%
Administrative support	10,715,687	10,379,993	8.73%	9.05%
Administrative and general	<u>6,150,243</u>	<u>6,178,127</u>	<u>5.01%</u>	<u>5.39%</u>
Total	<u>\$ 122,735,589</u>	<u>\$ 114,706,982</u>	<u>100.00%</u>	<u>100.00%</u>

Funding for Children's Programs increased \$7,720,797 from the previous year. Administrative Support and Administrative and General Expenses for 2018 totaled \$16,865,930 as compared to \$16,558,120 for 2017 resulting in a \$307,810 increase.

The increase in Children's Programs is due primarily to an increase in the salaries and benefits of the funded agencies, funding for new programs and expansions of existing programs, and transferring under-expended monies to Childcare Slots and by funding the Great Ideas Initiative.

The table below presents a summary of the changes in net position for governmental activities for the years ended September 30, 2018 and 2017, as derived from the government-wide statement of activities:

**Statements of Activities - Governmental Activities
Years Ended September 30, 2018 and 2017**

	2018	2017
REVENUES		
Program revenues:		
Operating grants and contributions	\$ 4,218,387	\$ 6,445,350
General revenues:		
Ad valorem taxes	112,434,398	108,983,420
Investment income	1,193,296	562,469
Miscellaneous	<u>268,646</u>	<u>404,224</u>
Total Revenues	118,114,727	116,395,463
EXPENSES		
Children's programs	105,869,659	98,148,862
Program administrative support	10,715,687	10,379,993
Administrative and general	<u>6,150,243</u>	<u>6,178,127</u>
Total Expenses	<u>122,735,589</u>	<u>114,706,982</u>
Change in net position	(4,620,862)	(1,688,481)
Net position at beginning of year, as originally reported	67,570,782	65,882,301
Restatement for implementation of GASB 75	<u>(157,989)</u>	<u>-</u>
Net position at beginning of year, as restated	<u>67,412,793</u>	<u>65,882,301</u>
Net position at end of year	<u>\$ 62,791,931</u>	<u>\$ 67,570,782</u>

Financial Analysis of the Government Funds

Budgetary Highlights - General Fund

Ad valorem taxes collected were greater than budgeted when the budgeted reserve for uncollectible taxes is included. Children's programs expenditures were under budget by \$4,420,610. This was a result of reimbursement based providers having expenditures less than the contracted amounts.

Total fund balance of the General Fund is \$46,861,209 which decreased by \$3,501,315 from last year. An amount of \$12,581,151 was budgeted as a decrease in fund balance for the current year. The budget for the next fiscal year includes \$12,210,846 assigned 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, 2018, since all expenditures incurred are reimbursable through transfers from the General Fund.

Capital Assets and Long-Term Liabilities

Capital assets of governmental activities at September 30, 2018, had a net book value of \$17,098,171, which represented a \$1,026,491 decrease, net of depreciation, from September 30, 2017. The decrease was a result of depreciation expense for 2018. Additional information on the Council's capital assets can be found in Note G on pages 32 to 33 of this report.

As presented in Notes H and I to the Financial Statements, the Council's long-term liabilities consist of compensated absences (vacation and sick leave) and an OPEB obligation. The Council is prohibited by Florida Statute, from issuing any type of debt instrument, including the issuance of bonds of any nature.

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, 2019, totaling \$137,681,992 of which \$120,540,063 is supported by ad-valorem taxes based on a millage rate of 0.6403. Of the total \$137,681,992 budgeted, \$123,417,152 is allocated to Children's programs, of which \$113,196,465 is for contracted services and special funds and initiatives and the remaining \$10,220,687 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 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.

BASIC FINANCIAL STATEMENTS

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

STATEMENT OF NET POSITION

September 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 6,539,182
Investments	46,371,098
Due from other governmental units	1,416,027
Other receivables	3,727,594
Prepaid expenses	382,312
Investment in joint venture	21,909
Capital assets	
Capital assets not being depreciated	2,781,948
Capital assets being depreciated, net of accumulated depreciation and amortization	14,316,223
Total Assets	<u>75,556,293</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to other postemployment benefits	4,463
LIABILITIES	
Due to program service providers	11,104,538
Accounts payable and accrued expenses	470,466
Noncurrent liabilities	
Compensated absences due within one year	67,290
Compensated absences due in more than one year	748,001
Other post employment benefits obligation	118,199
Total Liabilities	<u>12,508,494</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to other postemployment benefits	260,331
NET POSITION	
Investment in capital assets	17,098,171
Unrestricted	<u>45,693,760</u>
Total Net Position	<u>\$ 62,791,931</u>

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

STATEMENT OF ACTIVITIES

Year Ended September 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Contributions and Grants</u>	<u>Governmental Activities</u>
Governmental Activities			
Children's programs	\$ 105,869,659	\$ 4,218,387	\$ (101,651,272)
Program administrative support	10,715,687	-	(10,715,687)
Administrative and general	<u>6,150,243</u>	<u>-</u>	<u>(6,150,243)</u>
Total Governmental Activities	<u>\$ 122,735,589</u>	<u>\$ 4,218,387</u>	(118,517,202)
 General revenues			
			112,434,398
			1,193,296
			<u>268,646</u>
			<u>113,896,340</u>
			(4,620,862)
			67,570,782
			(157,989)
			<u>67,412,793</u>
			<u>\$ 62,791,931</u>

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2018

	General Fund	Special Revenue Fund Prevention Partnerships	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,301,717	\$ 237,465	\$ 6,539,182
Investments	46,371,098	-	46,371,098
Due from other governmental units	1,416,027	-	1,416,027
Other receivables	3,727,594	-	3,727,594
Due from other funds	-	101,605	101,605
Prepaid items	382,312	-	382,312
TOTAL ASSETS	<u>\$ 58,198,748</u>	<u>\$ 339,070</u>	<u>\$ 58,537,818</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Due to program service providers	\$ 10,774,884	\$ 329,654	\$ 11,104,538
Accounts payable and accrued liabilities	461,050	9,416	470,466
Due to other funds	101,605	-	101,605
TOTAL LIABILITIES	<u>11,337,539</u>	<u>339,070</u>	<u>11,676,609</u>
FUND BALANCE			
Nonspendable:			
Prepaid items	382,312	-	382,312
Assigned for:			
Subsequent year expenditures	12,210,846	-	12,210,846
Unassigned	34,268,051	-	34,268,051
TOTAL FUND BALANCE	<u>46,861,209</u>	<u>-</u>	<u>46,861,209</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 58,198,748</u>	<u>\$ 339,070</u>	<u>\$ 58,537,818</u>

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

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

September 30, 2018

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 46,861,209

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 27,356,802	
Less accumulated depreciation and amortization	<u>(10,258,631)</u>	17,098,171

Investment in joint venture is not a financial resource and therefore is not reported in the governmental funds. 21,909

Deferred outflows/inflows of resources related to OPEB are reported in the statement of net position but are not reported in the governmental funds.

Deferred outflows of resources related to OPEB	\$ 4,463	
Deferred inflows of resources related to OPEB	<u>(260,331)</u>	(255,868)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated absences		(815,291)
OPEB obligation		<u>(118,199)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 62,791,931

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - GOVERNMENTAL FUNDS

Year Ended September 30, 2018

	General Fund	Special Revenue Fund Prevention Partnerships	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 112,434,398	\$ -	\$ 112,434,398
Grant income	4,218,387	-	4,218,387
Income from tenants	71,479	-	71,479
Interest income	1,114,625	-	1,114,625
Appreciation in fair value of investments	78,671	-	78,671
Sponsorship fees and other income	199,564	-	199,564
	118,117,124	-	118,117,124
Total Revenues			
EXPENDITURES			
Program services and support			
Children's programs	103,468,112	2,401,547	105,869,659
Program administrative support	9,909,953	1,385	9,911,338
General administration			
Administrative and general	4,208,879	-	4,208,879
Other	1,628,563	-	1,628,563
	119,215,507	2,402,932	121,618,439
Total expenditures			
Revenues over (under) expenditures	(1,098,383)	(2,402,932)	(3,501,315)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,402,932	2,402,932
Transfers out	(2,402,932)	-	(2,402,932)
	(3,501,315)	-	(3,501,315)
Net change in fund balance			
FUND BALANCE, October 1, 2017	50,362,524	-	50,362,524
FUND BALANCE, September 30, 2018	\$ 46,861,209	\$ -	\$ 46,861,209

See notes to financial 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

Year Ended September 30, 2018

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ (3,501,315)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated or amortized over their estimated useful lives.</p>	
Less current year depreciation and amortization	(1,026,491)
<p>Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds.</p>	
Change in investment in joint venture	(2,397)
<p>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.</p>	
Change in compensated absences	(71,015)
Change in OPEB liability	(19,644)
	<hr/>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (4,620,862)</u>

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND

Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 116,814,453	\$ 116,814,453	\$ 112,434,398	\$ (4,380,055)
Grant income	4,455,246	4,455,246	4,218,387	(236,859)
Income from tenants	75,000	75,000	71,479	(3,521)
Interest income	500,000	500,000	1,114,625	614,625
Appreciation in fair value of investments	-	-	78,671	78,671
Sponsorship fees and other income	125,000	125,000	199,564	74,564
Total revenues	121,969,699	121,969,699	118,117,124	(3,852,575)
EXPENDITURES				
Program services and support				
Children's programs	105,588,722	107,888,722	103,468,112	4,420,610
Program administrative support	9,827,479	10,762,644	9,909,953	852,691
General administration				
Administrative and general	5,441,364	4,516,694	4,208,879	307,815
Other	3,184,838	3,184,838	1,628,563	1,556,275
Reserves for uncollectibles	4,673,206	4,673,206	-	4,673,206
Contingency	500,000	500,000	-	500,000
Capital outlay	262,500	252,005	-	252,005
Total expenditures	129,478,109	131,778,109	119,215,507	12,562,602
Revenues over (under) expenditures	(7,508,410)	(9,808,410)	(1,098,383)	8,710,027
OTHER FINANCING USES				
Transfers out	(2,772,743)	(2,772,743)	(2,402,932)	369,811
Net change in fund balance	<u>\$ (10,281,153)</u>	<u>\$ (12,581,153)</u>	(3,501,315)	<u>\$ 9,079,838</u>
FUND BALANCE, October 1, 2017			50,362,524	
FUND BALANCE, September 30, 2018			<u>\$ 46,861,209</u>	

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - SPECIAL REVENUE FUND - PREVENTION PARTNERSHIPS

Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Program services and support				
Children's programs	2,772,743	2,772,743	2,401,547	371,196
Program administrative support	-	-	1,385	(1,385)
Total expenditures	<u>2,772,743</u>	<u>2,772,743</u>	<u>2,402,932</u>	<u>369,811</u>
Expenditures in excess of revenues	(2,772,743)	(2,772,743)	(2,402,932)	369,811
OTHER FINANCING SOURCES				
Transfers in	<u>2,772,743</u>	<u>2,772,743</u>	<u>2,402,932</u>	<u>(369,811)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, October 1, 2017			-	
FUND BALANCE, September 30, 2018			<u>\$ -</u>	

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE A - ORGANIZATION

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 Council, which was created by Palm Beach County voters in 1986, provides leadership, funding, services and research on behalf of the County's children so they grow up healthy, safe and strong. To make the biggest impact possible, the Council focuses on prenatal care and early childhood development so that more Palm Beach County children are born healthy, safe from abuse and neglect, ready to learn when they enter school, and have access to quality afterschool and summer programs. To reach these goals, the Council funds local not-for-profit organizations and other agencies, which provide proven, high-quality services to our County's children and their families.

The Council's not-for-profit "arm", Prevention Partnerships for Children, Inc. ("Prevention Partnerships"), was created in 2004 to allow certain entities to conduct business with a not-for-profit agency (such as foundations or government funders). The purposes for which Prevention Partnerships is organized are exclusively charitable, cultural, scientific and educational, within the meaning of Section 501(c)(3) of the Internal Revenue Code, principally to support system coordination in Palm Beach County by building capacity of individuals and organizations, and creating opportunities for system integration.

Prevention Partnerships is a blended component unit of the Council for accounting purposes and is included as a "special revenue fund" in the Council's comprehensive annual financial report. Council members are also members of the Board of Directors of Prevention Partnerships, for the same period of time they are Council members. The Officers for Prevention Partnerships are the same as the Council's Officers, with the addition of a Treasurer. The Officers are typically elected in February of each year at the Annual Meeting. In addition, there is a financial burden imposed on the Council to finance deficits and provide financial support to Prevention Partnerships. The financial burden is evidenced by the annual budgeted transfers – other financing sources (uses). Therefore, management has determined that the component unit, Prevention Partnerships, functions as an integral part of the Council. Separate financial statements are not issued by Prevention Partnerships.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity: As required by U.S. generally accepted accounting principles, the accompanying financial statements present the primary government, the Council, and its blended component unit (entity for which the Council is considered financially accountable). Blended component units, while legally separate entities, are, in substance, part of the primary government's operations. Thus, blended component units are appropriately presented as funds of the primary government. There is one blended component unit, as described in Note A, included in the Council's reporting entity, and thus it is appropriately presented as a special revenue fund of the primary government.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The "Governing Board" of the Council is composed of ten members, five of whom are designated by Florida 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. Accordingly, these various funded agencies are excluded from the reporting entity.

Government-wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net position 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 Council has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The government-wide 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*. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

governmental fund revenues. Expenditures are generally recognized in the accounting period in which the fund liability is incurred. However, expenditures related to compensated absences and other postemployment benefits are recorded only when a payment is due.

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

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 as discussed previously. The revenue sources are comprised of grant income and other financing sources, including transfers from the General Fund, to pay for children's programs. The Council has designated Prevention Partnerships as a major fund.

Budgets and Budgetary Accounting: Budgets are adopted on a basis consistent with U.S. generally accepted account principles. The reported budgetary data represents the original and the final amended budgets as approved by the Governing Board. Budgets are adopted for all funds. The level of control at which expenditures may not legally exceed the budget is at the function level (i.e. children's programs, administrative support, administrative and general, other, reserves for uncollectibles, contingency and capital outlay).

Encumbrances: 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. Encumbrances lapse at year-end and there were no outstanding encumbrances at September 30, 2018.

Property Taxes: The Council is permitted by Florida Statutes to levy taxes up to 1 mill (\$1.00 per \$ 1,000) of assessed valuation. The rate levied for the Council for fiscal year 2018 was 0.659 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, 2017, upon which the fiscal year 2018 levy was based, was approximately \$177.3 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, until March which is without discount. 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. All property taxes are collected by the Palm

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beach County Tax Collector and remitted to the Council. Property tax revenues are recognized by the Council at the time monies are received from the County Tax Collector.

Cash and Cash Equivalents: Cash and cash equivalents consist of petty cash, checking accounts, money market accounts and money market mutual funds.

Investments: The Council has an investment strategy to maximize the rate of return on its available cash balances and provide for its operating cash needs. The investment strategy provides for longer term investments in U.S. Government obligations and other fixed income securities, which provide for interest at a fixed rate. Earnings from such investments are recorded as interest income. All investments are stated at fair value.

Prepaid Expenses/Items: Payments made to vendors for services or products that will benefit future periods subsequent to September 30, 2018, are recorded as prepaid expenses/items in the government-wide and fund statements. The Council uses the consumption method to account for these costs.

Capital Assets: Capital assets are defined by the Council as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000. Capital assets are recorded at cost or, if donated, acquisition value at the date of the donation. Expenditures that materially extend useful lives of existing assets are capitalized. Maintenance, repairs and minor renovations are expensed when incurred.

Depreciation is computed using the straight-line method over the estimated useful life of all reported capital assets except land. Estimated useful lives assigned to categories of assets are as follows:

Buildings	40 years
Improvements	7-15 years
Furniture and equipment	5-10 years
Intangible assets – software and database	7 years

Compensated Absences: The cost of vacation and sick leave benefits (compensated absences) is budgeted and expended in the General Fund when payments are made to employees. The Council records 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.

Postemployment Benefits: As required by Florida Statutes, the Council offers retired employees the option of participating in the health insurance plan provided to Council employees. Premiums for insurance coverage of retirees are paid by the retirees.

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the government-wide Statement of Net Position and the governmental funds balance sheet report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Council reports

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a deferred outflow of resources on the government-wide Statement of Net Position related to its other postemployment benefits (OPEB) obligation. The deferred outflow of resources related to OPEB results from changes in assumptions. The amounts are deferred and amortized to OPEB expense in a systematic and rational manner over a period equal to the average expected remaining service lives of employees that are eligible for benefits through the OPEB plan.

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council's deferred inflows reported on the government-wide Statement of Net Position are related to its OPEB obligation. The deferred inflow of resources related to OPEB results from changes in assumptions. These amounts are deferred and amortized to OPEB expense in the same manner as deferred outflows related to OPEB.

Fund Balance: In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Council is legally bound to honor the specific purposes for which amounts in the funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - Restricted fund balance includes amounts that have been restricted to specific purposes either by (a) constraints placed on the use of the resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Council has no restricted fund balance at September 30, 2018.

Committed - Committed fund balance includes amounts that can be used only for specific purposes as determined by formal action of the Governing Board itself, using its highest level of decision making authority (i.e., a Council resolution). These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. The Council has no committed fund balance at September 30, 2018.

Assigned - Assigned fund balance includes amounts that are constrained by the Council's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the governing body, or by an official (Chief Executive Officer), or body (Finance Committee), to which the Governing Board delegated authority. The Governing Board has delegated this authority and responsibility through a fund balance policy, approved via resolution. Council management makes recommendations concerning the assignment of fund balance to the Finance Committee. In general, the Finance Committee either approves the recommendations as presented or modifies them and presents the final recommendation to the full Governing Board for their approval. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

in the subsequent year's appropriated budget. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund, as applicable. Normally, no additional action needs to be taken for the removal of an assignment. The Council has assigned fund balance of \$12,210,846 at September 30, 2018, which is assigned for subsequent year's expenditures.

Unassigned - Unassigned fund balance includes amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes.

Fund Balance Flow Assumption - When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the Council considers restricted funds to have been spent first unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. When expenditures are incurred for which committed, assigned or unassigned fund balance is available, the Council considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Governing Board, or delegated official, or body has provided otherwise.

Minimum Fund Balance Policy - The Council's policy is to maintain a minimum General Fund fund balance to meet seasonal shortfalls in cash flow and reduce susceptibility to emergency and unanticipated expenditures and/or revenue shortfalls. The Governing Board has adopted a financial standard to maintain a minimum fund balance of 27.5% of the subsequent year's total budget. If the fund balance falls below the minimum 27.5% of the proposed annual operating budget for the subsequent year, in each year of a three year period, a specific amount will be allocated in the Council's annual budget to be used to replenish the fund to the 27.5% floor. The minimum fund balance requirement as of September 30, 2018 was approximately \$37 million.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Investment in Capital Assets - This component of net position consists of capital assets net of accumulated depreciation and if applicable, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Council has no restricted net position at September 30, 2018.

Unrestricted - This component of net position consists of net position that does not meet the definition of *Investment in Capital Assets* or *Restricted*.

Interfund Transactions: Transactions between funds during the year consisted of loans and transfers. Loans are reported as *Due from Other Funds* and *Due to Other Funds* as appropriate and are eliminated in the government-wide financial statements. Transfers are a result of transferring monies from one fund to another. Transfers are eliminated in the government-wide financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants: Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Council for the return of those funds. As of September 30, 2018, management does not believe that there are any disallowed expenditures that would require a return of grant funds.

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 for the risk of losses to which it is exposed. Retention of risks is limited to the excess of those risks that are insured, those risks that are uninsurable, and deductibles ranging from \$1,000 (damage) to \$1,000,000 (natural disaster) per occurrence. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. There were no significant reductions in insurance coverage for 2018. Review of the past three years reveals settled claims have not exceeded insurance coverage. In addition, under Florida law, the Council is covered by the constitutional doctrine of Sovereign Immunity for general liability claims. Sovereign Immunity generally limits liability to \$200,000 per person/\$300,000 per incident unless a claims bill is approved by the Florida Legislature awarding damages in excess of that amount.

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 revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Implementation of GASB Statements: The following GASB Statements were effective for the Council during the fiscal year ended September 30, 2018.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB), as well as certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to employees of other entities.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary and requires that a government recognize assets representing the beneficial interest in the irrevocable split-interest agreement administered by a third party if the government controls the present service capacity of the beneficial interests.

GASB Statement No. 85, *Omnibus 2017*, addresses practice issues that have been identified during implementation and application of certain GASB Statements including topics related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, provides consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which only existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the sole purpose of extinguishing debt. This statement also addresses accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in-substance.

Restatement for Implementation of GASB Statements - The implementation of GASB Statement No. 75 resulted in a restatement that decreased the beginning net position of the governmental activities of the Council's government-wide financial statements by \$157,989 to record the total OPEB liability for the Council's defined benefit OPEB plan at October 1, 2017. The implementation of other GASB Statements effective for the year ended September 30, 2018 had no effect on the previously reported amounts in the Council's financial statements.

Recent Accounting Pronouncements: The Governmental Accounting Standards Board has issued the following Statements effective in future years that may impact the Council. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Council.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Statement No. 83 also requires disclosure of information about the government's AROs, including the methods and assumptions used for estimating liabilities and the estimated remaining useful life of the associated tangible capital assets. The requirements of this statement will be effective for the Council for the fiscal year ending September 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefits arrangements that are fiduciary activities. The requirements of this statement will be effective for the Council for the fiscal year ending September 30, 2020.

GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement will be effective for the Council for the fiscal year ending September 30, 2021.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*, defines a majority equity interest and specifies the basis for measurement of a majority equity interest in a legally separate organization. The requirements of this statement will be effective for the Council for the fiscal year ending September 30, 2020.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS

Deposits: As of September 30, 2018, the Council's cash and cash equivalents consisted of deposits with financial institutions with a carrying value of \$6,539,157 and a bank balance of \$10,728,436, and petty cash of \$25.

The deposits with financial institutions were entirely covered by a combination of federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured in accordance with pronouncements of the Governmental Accounting Standards Board.

Investments: In accordance with Florida Statutes Section 218.415 and the Council's investment policy, the Council is authorized to invest in U.S. Treasury and U.S. Government guaranteed securities, U.S. Government agency and instrumentality debt obligations, Supranationals, corporate and municipal debt obligations, Federal agency mortgage-backed securities, collateralized mortgage obligations and mortgage-backed securities, asset-backed securities, non-negotiable certificates of deposit, bank savings accounts, overnight bank deposit accounts, commercial paper, repurchase agreements, money market mutual funds and local government investment pools. The Council may also invest in certain other investment products if authorized by statute and approved in advance by the governing body.

As of September 30, 2018, the Council had the following investments:

<u>Investments</u>	<u>Fair Value</u>
Money market mutual fund	\$ 930,688
Florida Education Investment Trust Fund	6,143,604
U.S. Government agency securities	3,627,896
U.S. Treasury notes/bonds	9,537,669
Federal agency mortgage-backed securities	491,568
Collateralized mortgage obligations	394,455
Collateralized mortgage-backed securities	594,563
Consumer asset-backed securities	5,467,956
Commercial asset-backed securities	778,761
Corporate debt obligations	12,878,782
Non-corporate debt obligations	551,575
Commercial paper	<u>4,973,581</u>
	<u>\$ 46,371,098</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

The money market mutual fund consists of an investment in an open end, institutional, money market fund complying with Securities and Exchange Commission (SEC) Rule 2a-7 and investing in liquid, high-quality debt securities issued by the U.S. government. Rule 2a-7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, and requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount.

The Florida Education Investment Trust Fund (FEITF) is organized under Florida Statutes Section 163, the Florida Interlocal Cooperation Act, by Florida public agencies for the purpose of operating an independent investment pool for local governments in Florida and is administered by a Board of Trustees elected by the participants in the pool. The Council invests in the FEITF Fund, a 2a-7 like pool valued at amortized cost, and the FEITF Term June 2019 Fund, which is valued at net asset value (NAV). The investment in the Term Series will mature and be fully redeemed at the pre-determined maturity date. FEITF Term shares are redeemable at fair value with at least 7 days' notice, less a premature redemption penalty. Audited financial statements for FEITF may be obtained at www.feitf.com.

Fair Value of Investments: The Council follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring the fair value of investments in a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Council has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include the following:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the assets.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets that are not directly comparable to the subject asset.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

The fair value measurement of an asset within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Council's perceived risk of that investment.

Valuation Methodologies: The following valuation methods and assumptions were used by the Council in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under GASB Statement No. 72.

U.S. Treasury notes/bonds, U.S. Government agency securities, mortgage and asset-backed securities, collateralized mortgage obligations and mortgage-backed securities, corporate and non-corporate debt obligations and commercial paper: Valued at the closing price reported on the active exchange on which the individual securities are actively traded. Securities that are not actively traded are valued by the investment manager or broker using a matrix-pricing technique based on the securities' relationship to quoted benchmark prices.

FEITF Term investment: Valued at the unadjusted net asset value (NAV) per share, without giving consideration to certain attributes of the investment or transaction prices from principal-to-principal or brokered transactions, but generally calculated based on the fair value of the underlying investments as provided by the investment manager. These investments are not publicly traded.

The methods and assumptions described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Council believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methods and assumptions used for the year ended September 30, 2018.

Fair Value of Investments: The financial assets measured at fair value on a recurring basis included the Council's investments. There were no liabilities measured at fair value on a recurring basis at September 30, 2018. The fair value of the Council's investments at September 30, 2018 is summarized as follows:

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

	Fair Value at September 30, 2018			
	Level 1	Level 2	Level 3	Total
U.S. Government agency securities	\$ -	\$ 3,627,896	\$ -	\$ 3,627,896
U.S. Treasury notes/bonds	-	9,537,669	-	9,537,669
Federal agency mortgage-backed securities	-	491,568	-	491,568
Collateralized mortgage obligations	-	394,455	-	394,455
Collateralized mortgage-backed securities	-	594,563	-	594,563
Asset backed securities	-	5,348,271	898,446	6,246,717
Corporate and non-corporate debt obligations	-	13,430,357	-	13,430,357
Commercial paper	-	4,973,581	-	4,973,581
Total debt securities	\$ -	\$ 38,398,360	\$ 898,446	39,296,806
Investments measured at NAV				
FEITF Term investment				4,800,000
Investments at amortized cost				
Money market mutual fund				930,688
FEITF Fund				1,343,604
Total Investments				\$ 46,371,098

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Council's investment policy states that: (a) investments of current operating funds shall have maturities of no longer than twelve months and (b) investments of reserves, project funds and other non-operating funds shall have a term not to exceed five and one-half years. The Council's money market mutual fund and FEITF Fund have weighted average maturities of less than 90 days. The Council also had Federal agency mortgage-backed securities, not included in the table below, with a fair value of \$367,407 that had weighted average lives of 2.5 years to 3.5 years, and asset backed securities, not included in the table below, with a fair value of \$858,780 that had weighted average lives of 2.5 years to 3.0 years. At September 30, 2018, the Council's investments in debt securities had the following maturities:

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Fair Value of Investment Maturities</u>		
	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>
FEITF Term June 2019	\$ 4,800,000	\$ -	\$ -
U.S. Government agency securities	-	3,627,896	-
U.S. Treasury notes/bonds	-	9,537,669	-
Federal agency mortgage-backed securities	-	124,161	-
Collateralized mortgage obligations	-	394,455	-
Collateralized mortgage-backed securities	-	594,563	-
Asset backed securities	-	5,387,937	-
Corporate and non-corporate debt obligations	-	13,430,357	-
Commercial paper	<u>4,973,581</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,773,581</u>	<u>\$ 33,097,038</u>	<u>\$ -</u>

Credit Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. Management's intent is to limit the Council's investment to the highest credit quality ratings from a nationally recognized rating agency in order to control credit risk. The Council's investment policy limits its investments to certain minimum Nationally Recognized Statistical Rating Organization (NRSRO) ratings which are generally the highest short term or the three highest long term rating categories. The NRSRO ratings for the Council's fixed income investments at September 30, 2018 are summarized as follows.

	<u>NRSRO Rating</u>	<u>Fair Value</u>
Money market mutual fund	AAm	\$ 930,688
FEITF investments	AAAm	6,143,604
U.S. Government agency securities	AA	3,627,896
U.S. Treasury notes/bonds	AAA - AA	9,537,669
Federal agency mortgage-backed securities	AA	491,568
Collateralized mortgage obligations	Aaa	394,455
Collateralized mortgage-backed securities	Aaa	594,563
Asset-backed securities	AAA	6,246,717
Corporate and non-corporate debt obligations	AAA	13,430,357
Commercial paper	AAA	4,973,581

Custodial Credit Risk: Custodial credit risk is defined as the risk that the Council may not recover cash and investments held by another party in the event of a financial failure. At September 30, 2018, all investment securities were held in an independent custodial safekeeping account. The money market mutual fund and FEITF are considered *unclassified* pursuant to GASB Statements, because they are not evidenced by securities that exist in physical or book-entry form. Coverage for cash and securities in

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

protected counterparty client accounts is provided from two sources. The Securities Investor Protection Corporation ("SIPC") protects up to \$500,000, of which \$250,000 may be cash. The counterparty has obtained additional private insurance protection for the remaining balance, if any, of the cash and securities in the investment account. These coverages do not insure the quality of the investments or protect against losses from fluctuating market value.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributable to the magnitude of an investment in a single issuer. The Council's investment policy requires diversification of investments to minimize potential losses on individual securities. Investments in securities of a single issuer are generally limited to 5% to 25% (depending on the security) of the fair value of the investment portfolio, with certain Federal agency security maximums of 40% and no maximum for U.S. Treasury securities.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the Council's investments at September 30, 2018.

Risks and Uncertainties: Due to the various risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements. The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations, and commercial mortgage backed securities, or pooled funds investing in these securities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

NOTE D - RECEIVABLES

Governmental activities and General Fund receivables consist of the following at September 30, 2018:

Due from Other Governmental Units:	
Palm Beach County	<u>\$ 1,416,027</u>
Other Receivables:	
Healthy Start Coalition of Palm Beach County	\$ 1,778,340
Contract providers	1,750,336
Accrued interest income	174,003
Other	<u>24,915</u>
	<u>\$ 3,727,594</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables consist of the following at September 30, 2018:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 101,605
Special Revenue Fund	<u>101,605</u>	<u>-</u>
Total	<u>\$ 101,605</u>	<u>\$ 101,605</u>

During the year ended September 30, 2018, the General Fund transferred \$ 2,402,932 to the Special Revenue Fund for the purpose of providing annual support to the Special Revenue Fund for quality childcare and healthy beginnings programs administered by Prevention Partnerships.

NOTE F - INVESTMENT IN JOINT VENTURE

The Council participates in the Services and Activity Management Information System ("SAMIS") Collaborative which is a joint venture with six other children's services organizations in Florida: (1) The Children's Services Council of Broward County, (2) The Kids Hope Alliance, (3) Children's Services Council of Martin County, (4) The Children's Trust (Miami-Dade County), (5) Palm Beach Community Services, and (6) United Way of Broward County. SAMIS is a web based, funder information, data collection system designed and developed to measure client level services and performance measures, and to be a tool for tracking funds distributed through contracts for the purposes of determining the effectiveness of programs funded by Children's Services Councils and related human services agencies in the State of Florida.

The Children's Services Council of Florida, Inc. has been designated as the operating agent and is the sole owner of the SAMIS program. The joint venture is governed by a management committee consisting of one staff member from each of the seven joint venture members. Each member has one vote. The management committee approves the annual budget of the joint venture and makes all management decisions for the operation of the joint venture.

Each of the joint venture members contributed an initial membership fee of \$50,000 and then pay an annual operating cost allocation determined by the "Assessment Formula" set forth in the operating agreement. The Council's current operating cost allocation percentage (equity interest) is 15.4%. A joint venture member may terminate their agreement without cause or further liability to the other parties. Upon termination, the joint venture member has the option of either (a) obtaining a perpetual, nonexclusive license to internally use SAMIS in its existing form as of the date of termination or (b) obtaining its portion of the annual fund balance allocation based on its percentage of operating cost allocation for the year of termination.

In accordance with U.S. GAAP, the Council is required to account for this joint venture using the equity method of accounting. Accordingly, the Council recorded its initial investment at cost and records its proportionate share of the joint venture's income or loss, as well as contributions made or distributions received. At September 30, 2018, the Council's 15.4% equity interest in the joint venture totaled \$21,909. This investment is reported in the Statement of Net Position as Investment in Joint Venture.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE F - INVESTMENT IN JOINT VENTURE (Continued)

The joint venture does not issue separate audited financial statements. Summarized financial information relating to the joint venture as of and for the year ended September 30, 2018, is as follows:

Net Position

Total assets	\$	158,851
Total liabilities		<u>16,860</u>
Net position	\$	<u><u>141,991</u></u>

Change in Net Position

Charges for services	\$	311,140
Operating expenses		<u>279,630</u>
Change in net position		31,510
Net position at October 1, 2017		<u>110,481</u>
Net position at September 30, 2018	\$	<u><u>141,991</u></u>

NOTE G - CAPITAL ASSETS

The Council's capital asset activity for the year ended September 30, 2018, was as follows:

<u>Governmental Activities</u>	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Capital assets not being depreciated				
Land	\$ 2,781,948	\$ -	\$ -	\$ 2,781,948
Total non-depreciable capital assets	2,781,948	-	-	2,781,948
Depreciable capital assets				
Buildings and improvements	19,667,498	-	-	19,667,498
Furniture and equipment	2,575,092	-	(119,939)	2,455,153
Intangibles - software and database	<u>2,452,203</u>	-	-	<u>2,452,203</u>
Total depreciable capital assets	24,694,793	-	(119,939)	24,574,854
Less accumulated depreciation				
Buildings and improvements	(5,121,952)	(543,164)	-	(5,665,116)
Furniture and equipment	(2,128,239)	(133,012)	119,939	(2,141,312)
Intangibles - software and database	<u>(2,101,888)</u>	<u>(350,315)</u>	-	<u>(2,452,203)</u>
Total accumulated depreciation	<u>(9,352,079)</u>	<u>(1,026,491)</u>	<u>119,939</u>	<u>(10,258,631)</u>
Depreciable capital assets, net of accumulated depreciation	<u>15,342,714</u>	<u>(1,026,491)</u>	-	<u>14,316,223</u>
Governmental activities - capital assets, net	\$ <u>18,124,662</u>	\$ -	\$ -	\$ <u>17,098,171</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE G - CAPITAL ASSETS (Continued)

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

<u>Governmental activities</u>	
Program administrative support	\$ 739,074
Administrative and general	<u>287,417</u>
	<u>\$ 1,026,491</u>

NOTE H - COMPENSATED ABSENCES

The following is a summary of compensated absences for the fiscal year ended September 30, 2018:

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year	Amounts Due Within One Year
Compensated absences					
Vacation accrual	\$ 567,305	\$ 502,073	\$ 444,223	\$ 625,155	\$ 51,916
Sick leave accrual	<u>176,971</u>	<u>354,958</u>	<u>341,793</u>	<u>190,136</u>	<u>15,374</u>
	<u>\$ 744,276</u>	<u>\$ 857,031</u>	<u>\$ 786,016</u>	<u>\$ 815,291</u>	<u>\$ 67,290</u>

Compensated absences are generally liquidated by the General Fund.

NOTE I - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Council offers a single-employer defined benefit health care plan (the "Plan") that provides optional health care coverage (medical, prescription, vision and dental) to eligible retired employees and their dependents. Retirees have a one-time option to continue coverage upon retirement and premiums for coverage are paid 100% by the retiree. The Council has the authority to establish and amend the premiums for and the benefit provisions of the Plan. Life insurance benefits are portable and the retiree must pay premiums to the carrier directly. The Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The Plan does not issue a separate, publicly available, audited financial report.

Funding Policy

The Council is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, U.S. GAAP requires the actuarial figures to be calculated using age adjusted

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$717 to a maximum of \$1,671.

Plan Membership

Membership in the Plan was comprised of the following at October 1, 2017, the date of the latest actuarial valuation:

Active employees	98
Retirees and beneficiaries receiving benefits	1
Inactive employees, not yet receiving benefits	<u>0</u>
Total	<u><u>99</u></u>

Total OPEB Liability

The Council's total OPEB liability of \$118,199 was measured as of September 30, 2018, and was determined by an actuarial valuation as of October 1, 2017.

Actuarial Methods and Significant Assumptions: The actuarial methods and significant assumptions used to determine the Council's total OPEB liability for the current year are summarized as follows:

Valuation date	October 1, 2017
Actuarial cost method	Entry Age Normal
Post-retirement benefit increases	None
Health care cost trend rates	7.5% per year initially, reduced annually to an ultimate rate of 4.5% in fiscal 2038
Amortization method	Average of expected remaining service lives of all participants - Closed
Remaining amortization period	10.6 years
Asset valuation method	N/A ⁽¹⁾
Actuarial assumptions:	
Discount rate - September 30, 2017	2.89% ⁽²⁾
- September 30, 2018	3.35% ⁽²⁾
Projected salary increases*	3.0%
* Includes inflation rate	2.5%
Mortality rates	RP-2014 combined mortality table backed off to 2006 and projected generationally with scale MP-2018

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

- (1) The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of September 30, 2018, the measurement date.
- (2) Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the S&P municipal bond 20 year high grade rate index as of the measurement date.

Changes in the Total OPEB Liability

The changes in the total OPEB liability were as follows for the year ended September 30, 2018:

Total OPEB liability at October 1, 2017	\$	354,423
Changes for the Current Year		
Service cost		33,540
Interest		10,243
Difference between expected and actual experience		4,884
Changes in assumptions and other inputs		<u>(284,891)</u>
Net Changes		<u>(236,224)</u>
Total OPEB liability at September 30, 2018	\$	<u>118,199</u>

Changes in assumptions and other inputs reflect: (1) a change in the discount rate from 2.89% to 3.35%, (2) a change in the healthcare trend rate from 6.7% decreasing to 4.0%, to 7.5% decreasing to 4.5%, and (3) a change in the mortality table.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the Council calculated using the current discount rate of 3.35%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.35%) or one percentage point higher (4.35%) than the current rate:

1.0% Decrease <u>(2.35%)</u>	Current Discount Rate <u>(3.35%)</u>	1.0% Increase <u>(4.35%)</u>
<u>\$ 130,731</u>	<u>\$ 118,199</u>	<u>\$ 107,031</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following table presents the total OPEB liability of the Council calculated using the current healthcare cost trend rate of 7.5% decreasing to 4.5%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I - OTHER POSTEMPLOYMENT BENEFITS (Continued)

1.0% Decrease <u>(6.5% decreasing to 3.5%)</u>	Healthcare Cost Trend Rate <u>(7.5% decreasing to 4.5%)</u>	1.0% Increase <u>(8.5% decreasing to 5.5%)</u>
\$ <u>104,095</u>	\$ <u>118,199</u>	\$ <u>134,816</u>

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the Council recognized OPEB expense of \$19,644. At September 30, 2018, the Council reported deferred inflows/outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in assumptions and other inputs	\$ <u>4,463</u>	\$ <u>260,331</u>

Amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ (24,139)
2020	(24,139)
2021	(24,139)
2022	(24,139)
2023	(24,139)
Thereafter	(135,173)

NOTE J - DUE TO PROGRAM SERVICE PROVIDERS

The balance of \$11,104,538 in due to program service providers represents reimbursement for expenditures by funded agencies and other contracted programmatic consulting services substantially performed in August and September 2018.

NOTE K - 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 bear to the total levied for the preceding year. The Council paid fees of approximately \$752,000 to the Property

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE K - COMMISSIONS OF PROPERTY APPRAISER AND TAX COLLECTOR (Continued)

Appraiser for the year ended September 30, 2018 which are recorded as general and administrative expenses/expenditures.

The Tax Collector's actual costs of collection must not exceed 2% of the tax revenues collected. The Council's fees and charges for the year amounted to approximately \$876,000 or 0.8% of tax revenues collected and are recorded as general and administrative expenses/expenditures.

NOTE L - PENSION PLAN AND DEFERRED COMPENSATION PLAN

Pension Plan: The Council sponsors a defined contribution pension plan administered by an independent company. The Governing Board may amend benefits and other plan provisions. 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 and the returns earned on investment of those contributions. Forfeitures offset the Council's contributions and are not reallocated to other participants' accounts. Forfeitures for the year ended September 30, 2018 totaled approximately \$112,000.

Eligible employees must have completed one year of service or at least 1,000 hours, and be 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. 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 of 65 or who meets the early retirement age of 55 shall be 100% vested. Finally, if an employee of the Council becomes totally or permanently disabled or dies, they become fully vested.

The Council is required to contribute a percentage of the covered employee's regular salary based on the date of hire and employee elections. For employees hired prior to January 1, 2012, the Council contributes 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. For employees hired on or after January 1, 2012 the Council contributes 5% of the covered employee's regular salary and matches employee contributions 100% up to an additional 5% of their regular salary.

During the year, the Council's required contributions amounted to approximately \$993,000 which was 12.8% of the current year's covered payroll. Contributions to the pension plan are made monthly. For the year ended September 30, 2018, the Council's total payroll (not including accrued benefits) for all employees was approximately \$7,992,000 and the Council's contributions to the plan were based on a payroll of approximately \$7,733,000.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE L - PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

The plan is administered by Alerus Financial, N.A. and all assets and income of the plan are held in trust for the exclusive benefit of participants and the Council has no fiduciary responsibility for the plan. Accordingly, the assets and liabilities of the plan are not included in the Council's financial statements.

Deferred Compensation Plan: Employees of the Council may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The Governing Board may amend benefits and other plan provisions. 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. The deferred compensation plan is administered by Alerus Financial, N.A. and all assets and income of the plan are held in trust for the exclusive benefit of participants and the Council has no fiduciary responsibility for the plan. Accordingly, the assets and liabilities of the plan are not included in the Council's financial statements.

NOTE M - RETIREMENT HEALTH SAVINGS PLAN

The Council adopted a Retirement Health Savings Plan ("RHS") administered by ICMA Retirement Corporation effective January 1, 2006. The Governing Board may amend benefits and other plan provisions. The RHS is to be used for qualified health expenses during retirement. All assets and income of the plan are held in trust for the exclusive benefit of participants and the Council has no fiduciary responsibility for the plan. Under the terms of the plan, there will be no forfeitures.

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 day minimum period of service and over 18 years of age). The plan is a defined contribution OPEB plan and is funded based on the amount of the employees' accrued sick leave. 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 100-199 hours accrued, 25% if 200-299 hours accrued, 30% if 300-399 hours accrued, and 35% if 400 or more hours accrued. Contributions to the plan for the year ended September 30, 2018 were approximately \$129,000.

NOTE N - COMMITMENT AND CONTINGENCY

Operating Leases: The Council leases equipment under various operating lease agreements expiring through September 2020. Total rent expense in connection with these agreements amounted to approximately \$29,000 for the year ended September 30, 2018.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE N - COMMITMENT AND CONTINGENCY (Continued)

Approximate future minimum lease payments applicable to these leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 29,400
2020	<u>13,800</u>
Total	<u>\$ 43,200</u>

Litigation: From time to time, the Council is involved in certain litigation which arises in the normal course of operations. Management believes the ultimate outcome of such litigation, if any, would not have any material adverse effect on the financial condition of the Council.

NOTE O - EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2018, expenditures exceeded budgeted appropriations in the program administrative support cost center of the Special Revenue Fund by \$1,385.

SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
AND RELATED RATIOS

	Measurement Date September 30, 2018
	<u> </u>
Total OPEB Liability	
Service cost	\$ 33,540
Interest	10,243
Differences between expected and actual experience	4,884
Changes of assumptions	(284,891)
	<u>(236,224)</u>
	Net change in total OPEB liability
Total OPEB liability, beginning of fiscal year	<u>354,423</u>
	<u>Total OPEB liability, end of fiscal year</u>
	\$ 118,199
Covered Employee Payroll	<u><u>\$ 7,232,000</u></u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	<u><u>1.6%</u></u>

Notes to Schedule:

Information prior to adoption of GASB Statement No. 75 in fiscal year 2018 is not available.

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SUPPLEMENTAL SCHEDULES OF CHILDREN'S PROGRAMS EXPENDITURES -
BUDGET TO ACTUAL - GENERAL FUND

Year Ended September 30, 2018

	Final Budget	Actual	Variance
QUALITY CHILDCARE PROGRAMS			
Afterschool Program Development	\$ 3,225,671	\$ 3,163,322	\$ 62,349
CSC Scholarship Initiative	29,636,112	29,636,112	-
Early Headstart Admin/Technical Assist Specialists/Gold	659,595	551,204	108,391
Early Headstart Match	321,106	320,529	577
Enhancements	2,784,600	2,783,101	1,499
Head Start Match	5,239,356	5,239,356	-
Match Funding	83,788	82,275	1,513
Professional Development System	2,515,662	2,396,089	119,573
Quality Program Assessment	599,312	520,446	78,866
SEEK Scholarship	1,250,000	1,249,975	25
Summer Camp Scholarships	4,500,000	2,841,974	1,658,026
Tier Reimbursement Supplements	3,755,233	3,755,231	2
Training Registry Management	190,037	172,023	18,014
TOTAL QUALITY CHILDCARE PROGRAMS	54,760,472	52,711,637	2,048,835
HEALTHY BEGINNINGS PROGRAMS			
Centering Program	467,155	432,246	34,909
Child First	3,108,799	2,718,969	389,830
Community Voice	735,569	718,033	17,536
Counseling for Parents and Young Children	1,100,000	929,707	170,293
Dental Services for Women and Children	36,000	35,100	900
Early Literacy Book Distribution Program	154,449	141,269	13,180
Early Intervention Assessment Team	451,440	348,049	103,391
Early Steps	1,795,126	1,795,126	-
Entry Agency (Birth-5)	2,895,170	2,773,374	121,796
Entry Agency (Prenatal)	3,776,951	3,659,338	117,613
Fetal Infant Mortality Review	191,091	156,277	34,814
First Step to Success	1,681,580	1,525,031	156,549
Forward Leaps	179,705	148,972	30,733
Growing Smart	435,082	415,158	19,924
HB Nurses	3,160,092	3,124,653	35,439
Healthy Families	1,489,499	1,388,045	101,454
Healthy Steps	953,369	865,964	87,405
Help Me Grow	132,000	132,000	-
Light Touch for Success	237,343	202,260	35,083
Mental Health Services	477,251	386,317	90,934
Nurse Family Partnership	1,343,610	1,309,804	33,806
Parent Child Home Program Oversight	2,456,679	2,431,141	25,538
Prenatal Plus Nutrition Services	180,000	161,347	18,653
Primary Project	628,947	570,068	58,879

(continued)

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SUPPLEMENTAL SCHEDULES OF CHILDREN'S PROGRAMS EXPENDITURES -
BUDGET TO ACTUAL - GENERAL FUND (Continued)

Year Ended September 30, 2018

	Final Budget	Actual	Variance
HEALTHY BEGINNINGS PROGRAMS (Continued)			
Project Dulce	\$ 320,242	\$ 307,661	\$ 12,581
Reach Out and Read	287,240	282,666	4,574
Substance Awareness	112,500	112,500	-
Teen Triple P	836,042	766,722	69,320
Transportation Consultant	230,000	212,560	17,440
Triple P	1,395,362	1,328,142	67,220
WHIN Nurses	545,217	436,699	108,518
Wyman's Teen Outreach Program	1,032,553	994,376	38,177
TOTAL HEALTHY BEGINNINGS PROGRAMS	32,826,063	30,809,574	2,016,489
BRIDGES PROGRAM			
Bridges Program	5,952,934	5,661,113	291,821
TOTAL BRIDGES PROGRAM	5,952,934	5,661,113	291,821
INITIATIVES			
Access for Success	150,297	150,258	39
Access Positions	110,356	85,632	24,724
Afterschool Network	10,000	10,000	-
Birth to 22	44,206	44,206	-
Drowning Prevention	100,000	100,000	-
Funding for Robotics	60,000	60,000	-
Glades Family Education	62,000	62,000	-
Great Ideas Initiative	960,557	1,139,264	(178,707)
HB Workforce Scholarships	78,821	78,821	-
Hunger Relief Infrastructure and Program Support	60,000	60,000	-
Information and Crisis Hotline (211)	176,422	176,422	-
Juvenile and Foster Children's Project	3,476,904	3,476,904	-
Mentoring	1,479,958	1,401,225	78,733
Nurse Family Partnership Fees	5,706	5,706	-
Palm Beach County Circle Campaign	122,476	122,476	-
Palm Beach County Food Bank	378,505	378,505	-
Public Education/Awareness	1,805,000	1,834,740	(29,740)
Resource Depot	150,000	150,000	-
Safe Kids	257,495	234,918	22,577
Special Needs	1,131,179	1,131,179	-
Special Projects	189,761	189,760	1
TOTAL INITIATIVES	10,809,643	10,892,016	(82,373)

(continued)

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SUPPLEMENTAL SCHEDULES OF CHILDREN'S PROGRAMS EXPENDITURES -
BUDGET TO ACTUAL - GENERAL FUND (Continued)

Year Ended September 30, 2018

	Final Budget	Actual	Variance
TRAINING AND ACCOUNTABILITY			
Agency Certification and Management Services	\$ 1,022,276	\$ 988,733	\$ 33,543
Child First RCT Evaluation	224,750	224,750	-
Continuous Improvement Initiative	225,000	174,146	50,854
Data Entry	547,625	474,304	73,321
Data Systems	605,442	605,442	-
Early Childhood Learning and Innovation Network	75,000	75,000	-
Environmental Rating Scale	34,992	34,992	-
Inventory Replacement	76,272	76,272	-
Issue Trak	5,200	5,200	-
Legal Aid Society Non Profit Legal Assistance	60,000	60,000	-
Metrics that Matter	19,136	19,136	-
Program Evaluations	128,957	178,957	(50,000)
SAMIS	54,954	52,353	2,601
Server Hosting	35,640	35,640	-
System Training and Materials	83,345	83,345	-
Touchpoints & IMH	78,270	78,270	-
Training Registry - Application Hosting	106,283	106,283	-
Triple P	156,468	156,468	-
	<u>3,539,610</u>	<u>3,429,291</u>	<u>110,319</u>
Prior year contracted programs refunds	<u>-</u>	<u>(35,519)</u>	<u>35,519</u>
TOTAL PROGRAM SERVICES EXPENDITURES - CHILDREN'S PROGRAMS	<u>\$ 107,888,722</u>	<u>\$ 103,468,112</u>	<u>\$ 4,420,610</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SUPPLEMENTAL SCHEDULES OF ADMINISTRATIVE EXPENDITURES -
BUDGET TO ACTUAL - GENERAL FUND

Year Ended September 30, 2018

	Program Administrative Support			Administrative and General		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
ADMINISTRATIVE EXPENDITURES						
PERSONAL SERVICES						
Salaries	\$ 5,903,459	\$ 5,754,057	\$ 149,402	\$ 2,295,789	\$ 2,237,689	\$ 58,100
FICA	443,925	426,843	17,082	172,637	165,995	6,642
Retirement	793,579	726,333	67,246	308,614	282,462	26,152
Florida unemployment	8,855	5,818	3,037	3,444	2,262	1,182
Worker's compensation	10,037	9,521	516	3,903	3,702	201
Health/life/AD&D	1,782,752	1,559,199	223,553	693,293	606,356	86,937
Temporary personnel	-	-	-	15,000	5,552	9,448
Tuition reimbursement	-	-	-	65,000	13,590	51,410
Other fringe benefits	89,856	79,189	10,667	34,944	30,796	4,148
TOTAL PERSONAL SERVICES	9,032,463	8,560,960	471,503	3,592,624	3,348,404	244,220
TRAVEL						
Travel-in-area	9,673	14,518	(4,845)	3,762	6,329	(2,567)
Conferences/staff development	205,344	141,799	63,545	79,856	55,144	24,712
Council member travel	-	-	-	2,000	-	2,000
TOTAL TRAVEL	215,017	156,317	58,700	85,618	61,473	24,145
BUILDING	473,525	416,741	56,784	184,149	162,066	22,083
COMMUNICATIONS						
Telephones	41,039	36,665	4,374	15,960	14,259	1,701
Postage	-	-	-	16,049	16,696	(647)
TOTAL COMMUNICATIONS	41,039	36,665	4,374	32,009	30,955	1,054
PRINTING AND SUPPLIES						
Printing	76,242	94,827	(18,585)	2,358	1,323	1,035
Supplies	88,885	64,450	24,435	34,566	30,063	4,503
TOTAL PRINTING AND SUPPLIES	165,127	159,277	5,850	36,924	31,386	5,538
CONTRACTUAL SERVICES						
Professional	350,909	197,573	153,336	136,465	183,495	(47,030)
OTHER						
Insurance	-	-	-	220,000	198,636	21,364
Dues and subscriptions	131,406	126,175	5,231	51,103	49,067	2,036
Rewards and recognition	3,600	3,918	(318)	1,400	1,524	(124)
Public notices, employment, advertising and background checks	-	-	-	27,000	16,404	10,596
Copier equipment	36,000	29,478	6,522	14,000	11,463	2,537
Policy and planning issues	90,000	-	90,000	35,000	-	35,000
Computer maintenance	223,556	222,849	707	86,939	86,663	276
Banking services	-	-	-	13,463	12,109	1,354
Non-depreciable furniture and equipment	-	-	-	-	15,234	(15,234)
TOTAL OTHER	484,562	382,420	102,142	448,905	391,100	57,805
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 10,762,642	\$ 9,909,953	\$ 852,689	\$ 4,516,694	\$ 4,208,879	\$ 307,815

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SUPPLEMENTAL SCHEDULES OF OTHER EXPENDITURES AND CAPITAL OUTLAY -
BUDGET TO ACTUAL - GENERAL FUND

Year Ended September 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER EXPENDITURES			
Property Appraiser fee	\$ 848,079	\$ 752,493	\$ 95,586
Tax Collector fee	<u>2,336,759</u>	<u>876,070</u>	<u>1,460,689</u>
TOTAL OTHER EXPENDITURES	<u>\$ 3,184,838</u>	<u>\$ 1,628,563</u>	<u>\$ 1,556,275</u>
CAPITAL OUTLAY			
Furniture, fixtures and equipment	<u>\$ 252,005</u>	<u>\$ -</u>	<u>\$ 252,005</u>
TOTAL CAPITAL OUTLAY	<u>\$ 252,005</u>	<u>\$ -</u>	<u>\$ 252,005</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SUPPLEMENTAL SCHEDULE OF CHILDREN'S PROGRAMS EXPENDITURES -
BUDGET TO ACTUAL - SPECIAL REVENUE FUND

Year Ended September 30, 2018

	Final Budget	Actual	Variance
QUALITY CHILDCARE PROGRAMS			
Bridges Liaison	\$ 53,300	\$ 49,939	\$ 3,361
Research Specialist	103,000	100,610	2,390
Technical Assistance Specialists	1,646,443	1,445,726	200,717
Tier Reimbursement Supplements	970,000	805,272	164,728
TOTAL QUALITY CHILDCARE PROGRAMS	<u>2,772,743</u>	<u>2,401,547</u>	<u>371,196</u>
TOTAL CHILDREN'S PROGRAMS EXPENDITURES	<u>\$ 2,772,743</u>	<u>\$ 2,401,547</u>	<u>\$ 371,196</u>

STATISTICAL SECTION

STATISTICAL SECTION

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These schedules contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.

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CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Net Position by Component
 Last Ten Fiscal Years
 Accrual Basis of Accounting

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Investment in capital assets	\$ 22,443,864	\$ 22,155,685	\$ 23,008,213	\$ 22,738,445
Unrestricted	69,461,306	72,976,586	73,498,807	71,279,420
Total governmental activities net position	<u>\$ 91,905,170</u>	<u>\$ 95,132,271</u>	<u>\$ 96,507,020</u>	<u>\$ 94,017,865</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 21,672,402	\$ 20,832,932	\$ 19,554,398	\$ 18,952,794	\$ 18,124,662	\$ 17,098,171
68,309,881	59,971,908	52,177,351	46,929,507	49,446,120	45,693,760
<u>\$ 89,982,283</u>	<u>\$ 80,804,840</u>	<u>\$ 71,731,749</u>	<u>\$ 65,882,301</u>	<u>\$ 67,570,782</u>	<u>\$ 62,791,931</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Changes in Net Position
Last Ten Fiscal Years
Accrual Basis of Accounting

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
Program services:				
Children's programs	\$ 76,722,483	\$ 80,240,730	\$ 81,159,984	\$ 82,465,027
Program administrative support	7,522,406	8,273,620	8,717,262	7,811,151
	<u>84,244,889</u>	<u>88,514,350</u>	<u>89,877,246</u>	<u>90,276,178</u>
General administration:				
Administrative and general	7,967,770	7,739,713	7,881,601	8,336,842
	<u>7,967,770</u>	<u>7,739,713</u>	<u>7,881,601</u>	<u>8,336,842</u>
Total governmental activities expenses	<u>\$ 92,212,659</u>	<u>\$ 96,254,063</u>	<u>\$ 97,758,847</u>	<u>\$ 98,613,020</u>
Program Revenues				
Governmental activities:				
Children's programs				
Operating grants and contributions	\$ 6,825,528	\$ 5,859,504	\$ 6,322,044	\$ 5,687,606
Total governmental activities program revenues	<u>\$ 6,825,528</u>	<u>\$ 5,859,504</u>	<u>\$ 6,322,044</u>	<u>\$ 5,687,606</u>
Net (expense)/revenue				
Governmental activities	<u>\$ (85,387,131)</u>	<u>\$ (90,394,559)</u>	<u>\$ (91,436,803)</u>	<u>\$ (92,925,414)</u>
General revenues:				
Governmental activities:				
Ad valorem taxes	\$ 92,797,843	\$ 93,356,416	\$ 92,252,865	\$ 90,165,733
Investment income	718,679	193,081	508,218	221,018
Miscellaneous	15,243	72,163	50,469	49,508
	<u>93,531,765</u>	<u>93,621,660</u>	<u>92,811,552</u>	<u>90,436,259</u>
Total governmental activities	<u>\$ 93,531,765</u>	<u>\$ 93,621,660</u>	<u>\$ 92,811,552</u>	<u>\$ 90,436,259</u>
Change in net position				
Governmental activities	<u>\$ 8,144,634</u>	<u>\$ 3,227,101</u>	<u>\$ 1,374,749</u>	<u>\$ (2,489,155)</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 83,045,576	\$ 86,686,474	\$ 91,703,086	\$ 96,768,722	\$ 98,148,862	\$ 105,869,659
8,626,141	9,611,044	9,497,225	10,599,901	10,379,993	10,715,687
<u>91,671,717</u>	<u>96,297,518</u>	<u>101,200,311</u>	<u>107,368,623</u>	<u>108,528,855</u>	<u>116,585,346</u>
6,490,256	7,095,790	6,842,174	6,051,019	6,178,127	6,150,243
<u>\$ 98,161,973</u>	<u>\$ 103,393,308</u>	<u>\$ 108,042,485</u>	<u>\$ 113,419,642</u>	<u>\$ 114,706,982</u>	<u>\$ 122,735,589</u>
\$ 5,419,242	\$ 5,640,202	\$ 7,599,170	\$ 7,493,464	\$ 6,445,350	\$ 4,218,387
<u>\$ 5,419,242</u>	<u>\$ 5,640,202</u>	<u>\$ 7,599,170</u>	<u>\$ 7,493,464</u>	<u>\$ 6,445,350</u>	<u>\$ 4,218,387</u>
<u>\$ (92,742,731)</u>	<u>\$ (97,753,106)</u>	<u>\$ (100,443,315)</u>	<u>\$ (105,926,178)</u>	<u>\$ (108,261,632)</u>	<u>\$ (118,517,202)</u>
\$ 88,250,774	\$ 88,197,559	\$ 90,722,502	\$ 99,018,241	\$ 108,983,420	\$ 112,434,398
242,572	138,674	245,095	663,892	562,469	1,193,296
<u>213,803</u>	<u>239,430</u>	<u>345,084</u>	<u>394,597</u>	<u>404,224</u>	<u>268,646</u>
<u>\$ 88,707,149</u>	<u>\$ 88,575,663</u>	<u>\$ 91,312,681</u>	<u>\$ 100,076,730</u>	<u>\$ 109,950,113</u>	<u>\$ 113,896,340</u>
<u>\$ (4,035,582)</u>	<u>\$ (9,177,443)</u>	<u>\$ (9,130,634)</u>	<u>\$ (5,849,448)</u>	<u>\$ 1,688,481</u>	<u>\$ (4,620,862)</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Fund Balance of Governmental Funds - Last Ten Fiscal Years
Modified Accrual Basis of Accounting

Fiscal Year	Reserved	Unreserved	Nonspendable	Assigned	Unassigned	Total General Fund
2009 * \$	1,539,544	\$ 68,794,316	\$ -	\$ -	\$ -	\$ 70,333,860
2010 *	3,138,476	70,760,085	-	-	-	73,898,561
2011	-	-	188,904	14,695,257	59,466,983	74,351,144
2012	-	-	219,257	12,403,801	59,427,714	72,050,772
2013	-	-	262,539	43,647,017	25,186,108	69,095,664
2014	-	-	203,056	20,907,835	39,611,139	60,722,030
2015	-	-	363,852	14,843,281	37,636,510	52,843,643
2016	-	-	356,262	9,076,761	38,301,542	47,734,565
2017	-	-	381,695	10,281,153	39,699,676	50,362,524
2018	-	-	382,312	12,210,846	34,268,051	46,861,209

Note: The above table consists of the General Fund only,
since the Special Revenue Fund fund balance is zero for all years.

* Amounts have not been restated for the implementation of GASB Statement No. 54.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
Modified Accrual Basis of Accounting

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Ad valorem taxes	\$ 92,797,843	\$ 93,356,416	\$ 92,252,865	\$ 90,165,733
Grant income	6,825,528	5,859,504	6,322,044	5,687,606
Income from tenants	-	-	-	-
Interest income	718,679	193,081	508,218	221,018
Appreciation (depreciation) in fair value of investments	-	-	-	-
Sponsorship fees and other income	15,243	72,163	50,469	49,508
Total revenues	<u>100,357,293</u>	<u>99,481,164</u>	<u>99,133,596</u>	<u>96,123,865</u>
Expenditures				
Program services - children's programs	76,722,483	80,593,035	82,650,202	83,074,706
Program services - administrative support	7,075,304	7,785,367	8,292,430	7,143,582
Administrative and general	6,185,411	6,058,367	6,177,061	6,204,297
Other administration	1,254,366	1,314,366	1,364,658	1,649,040
Capital outlay	226,919	165,328	196,662	352,612
Total expenditures	<u>91,464,483</u>	<u>95,916,463</u>	<u>98,681,013</u>	<u>98,424,237</u>
Revenues over (under) expenditures	8,892,810	3,564,701	452,583	(2,300,372)
Other financing sources (uses)				
Transfers in	3,595,694	3,546,779	3,452,179	3,199,184
Transfers out	(3,595,694)	(3,546,779)	(3,452,179)	(3,199,184)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 8,892,810</u>	<u>\$ 3,564,701</u>	<u>\$ 452,583</u>	<u>\$ (2,300,372)</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 88,250,774	\$ 88,197,559	\$ 90,722,502	\$ 99,018,241	\$ 108,983,420	\$ 112,434,398
5,419,242	5,640,202	7,599,170	7,493,464	6,445,350	4,218,387
-	-	74,938	75,267	76,220	71,479
242,572	138,674	210,550	615,075	701,549	1,114,625
-	-	34,545	48,817	(139,080)	78,671
213,803	239,430	261,230	347,883	341,604	199,564
<u>94,126,391</u>	<u>94,215,865</u>	<u>98,902,935</u>	<u>107,598,747</u>	<u>116,409,063</u>	<u>118,117,124</u>
83,045,576	86,686,474	91,703,086	96,768,722	98,148,862	105,869,659
7,897,886	8,768,331	8,644,106	9,752,600	9,553,792	9,911,338
4,293,928	5,281,209	4,731,723	4,167,502	4,325,147	4,208,879
1,671,844	1,456,604	1,670,966	1,554,011	1,531,680	1,628,563
172,265	296,881	31,438	464,993	221,623	-
<u>97,081,499</u>	<u>102,489,499</u>	<u>106,781,319</u>	<u>112,707,828</u>	<u>113,781,104</u>	<u>121,618,439</u>
(2,955,108)	(8,273,634)	(7,878,384)	(5,109,081)	2,627,959	(3,501,315)
3,003,778	2,154,113	2,187,492	2,434,322	2,321,507	2,402,932
<u>(3,003,778)</u>	<u>(2,154,113)</u>	<u>(2,187,492)</u>	<u>(2,434,322)</u>	<u>(2,321,507)</u>	<u>(2,402,932)</u>
-	-	-	-	-	-
<u>\$ (2,955,108)</u>	<u>\$ (8,273,634)</u>	<u>\$ (7,878,384)</u>	<u>\$ (5,109,081)</u>	<u>\$ 2,627,959</u>	<u>\$ (3,501,315)</u>

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Other (1)
2009	\$ 169,897,889,833	\$ 21,095,215,407	\$ 4,321,625,410	\$ 2,678,315,476
2010	146,107,103,906	18,754,638,949	5,578,717,390	16,529,398,078
2011	120,380,754,238	17,029,669,349	4,667,628,664	12,275,867,558
2012	118,500,040,513	16,094,242,947	4,520,036,102	12,006,985,316
2013	118,762,130,930	16,080,951,616	4,252,615,724	12,107,122,102
2014	133,838,509,211	18,192,107,879	3,538,728,868	2,816,124,507
2015	131,648,730,012	21,696,599,907	4,639,356,160	9,717,953,437
2016	133,814,975,922	27,834,485,582	3,863,326,594	14,562,044,405
2017	148,666,146,189	24,863,246,181	4,785,621,547	17,195,822,292
2018	158,815,174,719	26,298,973,436	5,218,098,747	18,350,304,182

Source: Palm Beach County Property Appraiser.

(1) Amount includes agricultural property, institutional, government, leasehold interests, non-agricultural acreage and other miscellaneous items.

(2) The Council's maximum tax rate is \$1.00 per \$1,000 of assessed taxable value.

Note: The basis of assessed value is approximately one hundred percent (100%) of actual value. Property in Palm Beach County is reassessed annually.

	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Council Tax Rate (2)
\$	38,093,831,673	\$ 159,899,214,453	0.6009
	46,569,871,602	140,399,986,721	0.6898
	27,162,638,861	127,191,280,948	0.7513
	26,451,338,216	124,669,966,662	0.7475
	25,758,906,056	125,443,914,316	0.7300
	28,063,972,313	130,321,498,152	0.7025
	28,145,414,755	139,557,224,761	0.6745
	27,380,431,109	152,694,401,394	0.6677
	30,001,580,138	165,509,256,071	0.6833
	31,422,380,077	177,260,171,007	0.6590

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 Rate per \$1,000 of Assessed Value

Fiscal Year	Council			Overlapping Rates (a)				Health Care District of Palm Beach County
	Basic Direct Rate	Debt Service Rate	Total Rate	Palm Beach County (a)	Palm Beach County School Board (b)	South Florida Water Management District (c)	Florida Inland Navigation District	
2009	0.6009	-	0.6009	3.9656	7.2510	0.6240	0.0345	0.9975
2010	0.6898	-	0.6898	4.5614	7.9830	0.6240	0.0345	1.1451
2011	0.7513	-	0.7513	4.9960	8.1540	0.6240	0.0345	1.1451
2012	0.7475	-	0.7475	4.7815	7.7780	0.4363	0.0345	1.1250
2013	0.7300	-	0.7300	4.7815	7.5860	0.4289	0.0345	1.0800
2014	0.7025	-	0.7025	4.9729	7.5940	0.4110	0.0345	1.0800
2015	0.6745	-	0.6745	4.9729	7.5940	0.3842	0.0345	1.0800
2016	0.6677	-	0.6677	4.9277	7.5120	0.3551	0.0320	1.0426
2017	0.6833	-	0.6833	4.9142	7.0700	0.3307	0.0320	0.8993
2018	0.6590	-	0.6590	4.9023	6.7690	0.3100	0.0320	0.7808

Source: Palm Beach County, Palm Beach County School Board, South Florida Water Management District, Florida Inland Navigation District and Health Care District of Palm Beach County.

- (a) Includes levies for operating and debt service costs.
- (b) Includes local and state.
- (c) Includes District-at-Large, Okeechobee Basin and Everglades Construction Project.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2009			2018		
	Taxes Levied	Rank	Percent to Aggregate Taxes Levied	Taxes Levied	Rank	Percent to Aggregate Taxes Levied
Florida Power & Light	\$ 835,716	1	0.85%	\$ 3,439,870	1	2.94%
Town Center at Boca Raton Trust				355,860	2	0.30%
Breakers Palm Beach, Inc.				248,412	3	0.21%
Gardens Venture LLC				224,060	4	0.19%
Panthers BRHC, LTD				166,153	5	0.14%
TM Wellington Green Mall				150,846	6	0.13%
CPT Phillips Point LLC				124,560	7	0.11%
Palm Beach Outlets				116,529	8	0.10%
U.S. Sugar Corporation				72,312	9	0.06%
Okeelanta Corporation				56,928	10	0.05%
Bellsouth Telecommunications	271,390	2	0.27%			
Comcast of Florida	74,777	3	0.08%			
Publix	48,317	4	0.05%			
United Technologies Corp	44,162	5	0.04%			
Sugar Cane Growers Co-op of Florida	33,861	6	0.03%			
Verizon Wireless	33,013	7	0.03%			
Walgreen Co	30,831	8	0.03%			
Delray Community Hospital	29,485	9	0.03%			
AT&T Mobility LLC	29,463	10	0.03%			
Total principal taxpayers	<u>\$ 1,431,015</u>		<u>1.44%</u>	<u>\$ 4,955,530</u>		<u>4.23%</u>

Source: Palm Beach County Property Appraiser's Office.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 96,083,438	\$ 92,454,488	96.2%	\$ 828,796	\$ 93,283,284	97.1%
2010	96,847,911	92,543,817	95.6%	533,051	93,076,868	96.1%
2011	95,558,809	91,732,153	96.0%	790,845	92,522,998	96.8%
2012	93,190,800	89,390,885	95.9%	545,252	89,936,137	96.5%
2013	91,574,057	87,810,006	95.9%	263,472	88,073,478	96.2%
2014	91,550,852	87,982,941	96.1%	525,256	88,508,197	96.7%
2015	94,131,348	90,722,502	96.4%	499,861	91,222,363	96.9%
2016	101,954,052	99,018,241	97.1%	115,277	99,133,518	97.2%
2017	113,092,475	108,567,916	96.0%	3,098	108,571,014	96.0%
2018	116,814,453	112,369,084	96.2%	-	112,369,084	96.2%

Source: Children's Services Council - Finance Division

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (1)(2)	Personal Income (thousands) (1)(2)	Per Capita Personal Income (1)(2)	Median Age (2)	Public School Enrollment (3)	Unemployment Rate (4)
2009	1,287,344	\$ 67,866,247	\$ 51,910	N/A	169,554	10.70%
2010	1,320,134	67,668,308	51,111	43.50	171,722	11.00%
2011	1,325,758	73,014,241	54,616	43.70	172,829	10.90%
2012	1,335,415	77,619,551	57,252	43.80	175,083	8.60%
2013	1,345,652	79,564,774	57,985	43.90	177,797	7.30%
2014	1,360,238	93,526,272	66,914	44.20	180,285	5.90%
2015	1,378,417	97,806,900	68,743	44.30	183,489	5.00%
2016	1,391,741	103,876,015	71,946	44.00	186,291	5.20%
2017	1,414,144	109,973,732	74,754	44.40	189,320	3.60%
2018	1,433,417	N/A	N/A	N/A	190,021	3.10%

Source:

- (1) Palm Beach County Comprehensive Annual Financial Report (CAFR).
- (2) Florida Legislature Office of Economic and Demographic Research at website:
<http://edr.state.fl.us/content/area-profiles/county/palmbeach.pdf>
- (3) The School District of Palm Beach County Comprehensive Annual Financial Report
at website: <http://www.palmbeachschools.org/accounting/wp-content/uploads/sites/40/2017/12/USE-CAFR-2018-Palm-Beach-County-School-District.pdf>
- (4) United States Department of Labor Bureau of Labor Statistics
at website: <http://fred.stlouisfed.org/series/FLPALM2URN>

N/A Not Available

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Principal Employers
Current Year and Nine Years Ago

	2009			2018		
	Number of Employees (1)	Rank	Percentage of Total County Employment (1)	Number of Employees (2)	Rank	Percentage of Total County Employment (2)
Palm Beach County School District	21,718	1	3.30%	21,466	1	3.08%
Palm Beach County						0.85%
Board of County Commissioners				5,952	2	0.85%
Tenet Coastal Division Palm Beach County	4,500	5	0.69%	5,939	3	0.63%
NextEra Energy, Inc.	3,632	6	0.55%	4,404	4	0.51%
Hospital Corporation of America (HCA)	3,395	7	0.52%	3,550	5	0.40%
Boca Raton Regional Hospital				2,800	6	0.38%
Florida Atlantic University	2,838	9	0.43%	2,644	7	0.36%
Veterans Health Administration	2,207	10	0.34%	2,535	8	0.33%
Bethesda Health, Inc.				2,282	9	0.29%
Office Depot				2,034	10	
Palm Beach County	11,319	2	1.73%			
State Government	9,300	3	1.42%			
Federal Government	6,200	4	0.95%			
Wackenhut Corporation	3,000	8	0.46%			
TOTAL	68,109		10.39%	53,606		7.68%

Source:

- (1) Palm Beach County Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2009.
- (2) Business Development Board.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Full-Time Equivalent Employees as of September 30,	Executive Administration	Talent and Operations	Finance	Program Services	Communications	Information Management	Grand Total
2009	4	14	16	53	21	-	108
2010	4	13	16	51	22	-	106
2011	4	11	14	43	18	-	90
2012	3	12	15	46	16	-	92
2013	3	13	14	49	16	-	95
2014	3	13	13	47	18	-	94
2015	3	14	15	48	7	11	98
2016	3	12	15	50	6	11	97
2017	3	13	15	48	8	13	100
2018	3	13	14	48	8	15	101

Source: Children's Services Council of Palm Beach County, Finance Administration.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Operating Indicators
Last Ten Fiscal Years

Utilization

Contract/Direct Services:

<u>Fiscal Year</u>	<u>Amount Under Contract (a)</u>	<u>Actual Expenditures (b)</u>	<u>Underutilized (c)</u>
2009	100%	84%	16%
2010	100%	88%	12%
2011	100%	93%	7%
2012	100%	93%	7%
2013	100%	94%	6%
2014	100%	97%	3%
2015	100%	93%	7%
2016	100%	95%	5%
2017	100%	93%	7%
2018	100%	96%	4%

(a) Percentage of contract/direct services budget under contract.

(b) Percentage of contract/direct services budget spent.

(c) Percentage of contract/direct services budget contracted but not spent.

General Fund Total Expenditures & Transfers Out as a Percentage of Revenues

<u>Fiscal Year</u>	<u>Budget (d)</u>	<u>Actual (e)</u>
2009	111%	91%
2010	113%	96%
2011	111%	100%
2012	113%	102%
2013	113%	103%
2014	114%	109%
2015	120%	108%
2016	114%	105%
2017	108%	98%
2018	110%	103%

(d) Final budgeted expenditures and transfers out as a percent of final budgeted revenue.

(e) Actual expenditures and transfers out as a percent of actual revenue.

Source: Children's Services Council - Finance Division.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Operating Budget Trends
Last Ten Fiscal Years

	Fiscal Year			
	2009 Budget	2010 Budget	2011 Budget	2012 Budget
Quality Childcare Program	\$ 30,405,860	\$ 34,212,889	\$ 38,377,431	\$ 41,362,211
Healthy Beginnings Program	30,618,844	34,437,911	30,752,083	31,009,733
Bridges Program	8,187,092	7,634,217	4,593,923	4,856,295
Initiatives	21,696,914	15,688,049	15,105,509	11,852,756
Training and Accountability Administration	-	-	-	-
	<u>16,202,840</u>	<u>16,309,195</u>	<u>15,578,777</u>	<u>13,832,217</u>
TOTAL	<u>\$ 107,111,550</u>	<u>\$ 108,282,261</u>	<u>\$ 104,407,723</u>	<u>\$ 102,913,212</u>

Source: Children's Services Council - Finance Division

Amounts include the General Fund and the Special Revenue Fund final budget,
excluding general administrative - other, reserves, contingency and capital outlay.

Fiscal Year

2013	2014	2015	2016	2017	2018
Budget	Budget	Budget	Budget	Budget	Budget
\$ 46,707,039	\$ 48,211,355	\$ 53,676,049	\$ 53,299,633	\$ 54,183,328	\$ 57,533,215
24,841,747	25,346,575	27,206,284	29,405,411	29,570,527	32,826,063
5,420,763	5,367,319	5,558,334	5,815,484	5,673,797	5,952,934
11,038,370	10,270,255	12,461,337	12,176,334	10,062,994	10,809,643
-	-	-	-	4,510,982	3,539,610
13,904,622	14,363,086	14,869,273	14,906,468	14,760,324	15,279,336
\$ 101,912,541	\$ 103,558,590	\$ 113,771,277	\$ 115,603,330	\$ 118,761,952	\$ 125,940,801

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administrative										
Headquarters	1	1	1	1	1	1	1	1	1	1

Children's Services Council of Palm Beach County provides all of its services from one main facility in Boynton Beach, Florida.

Sources: Finance department



CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA
LAURA E. CLARK, CPA
LOUIS M. COHEN, CPA
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SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948
TELEPHONE: (561) 832-9292

850 NW FEDERAL HIGHWAY, SUITE 121
STUART, FL 34994-1019
TELEPHONE: (772) 872-2123

info@cdlcpa.com

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's 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 Chair
and Council Members
Children's Services Council of Palm Beach County
Boynton Beach, Florida

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities 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, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 15, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of this Report

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

West Palm Beach, Florida
March 15, 2019

*Calvin, Dauter, Levine,
Cohen, Porter & Veil, P.A.*

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2018

<u>Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number/ Pass-through Entity Identifying Number</u>	<u>Federal Awards Expenditures</u>	<u>State Matching Expenditures</u>	<u>Total Expenditures</u>	<u>Transfers to Subrecipients</u>
U.S. Department of Health and Human Services						
Passed through from Healthy Start Coalition of Palm Beach County, Inc. d/b/a Healthy Beginnings of Palm Beach County						
Medical Assistance Program (Medicaid; Title XIX)	93.778	MED 165	\$ 1,299,557	\$ 809,429	\$ 2,108,986	\$ 2,108,986
Maternal and Child Health Services Block Grant to the States	93.994	COSEU	<u>222,734</u>	<u>837,963</u>	<u>1,060,697</u>	<u>928,488</u>
Total U.S. Department of Health and Human Services			<u>1,522,291</u>	<u>1,647,392</u>	<u>3,169,683</u>	<u>3,037,474</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,522,291</u></u>	<u><u>\$ 1,647,392</u></u>	<u><u>\$ 3,169,683</u></u>	<u><u>\$ 3,037,474</u></u>

See notes to schedule of expenditures of federal awards.

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2018

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the Children's Services Council of Palm Beach County (the "Council"), under programs of the Federal government for the year ended September, 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position or changes in net position of the Council. Expenditures of State Financial Assistance for the year ended September 30, 2018 did not exceed the \$750,000 threshold for a State Single Audit.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The Council has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The Council made subrecipient payments to local non-profit organizations totaling approximately \$3,037,000 from Federal Awards for Children's Programs for the year ended September 30, 2018.

NOTE E - MATCHING REQUIREMENTS

The grants from Healthy Start Coalition of Palm Beach County, Inc. d/b/a Healthy Beginnings of Palm Beach County include matching funds and maintenance of effort funding requirements. The Medical Assistance Program under Contract MED 165 (CFDA #93.778) and the Maternal and Child Health Services Block Grant to the States under Contract COSEU (CFDA #93.994) include State matching and maintenance of effort funding from the State of Florida, Department of Health ("DOH") which is not considered Federal awards and not reported as Federal award expenditures in the Schedule. The State Matching Expenditures are not considered State Financial Assistance subject to Section 215.97, Florida Statutes, *Florida Single Audit Act*. The amounts designated as matching funds for Federal Award programs are summarized as follows:

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2018

NOTE E - MATCHING REQUIREMENTS (Continued)

Federal Award	CFDA Number	Amount
Medical Assistance Program	93.778	\$ 809,429
Maternal and Child Health Services Block Grant to the States	93.994	837,963
	Total	\$ 1,647,392

Based on the contract with the grant recipient (Healthy Start Coalition "HSC"), the Maternal and Child Health Services Block Grant to the States has matching funds which consist of State matching funds of \$705,754 and maintenance of effort (MOE) funding of \$132,209, for a total matching amount of \$837,963. The Medical Assistance Program has State matching funds of \$809,429. These amounts were utilized as a general revenue match for Federal awards.

NOTE F - CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Council. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal and State laws and regulations.

COMPLIANCE SECTION



CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA
LAURA E. CLARK, CPA
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**Independent Auditor's Report on Compliance For Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the Children's Services Council of Palm Beach County's (the "Council") compliance with the types of compliance requirements described in the *OMB 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, 2018. The Council's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major Federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of 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, 2018.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cale, Dutton, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
March 15, 2019

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS

Year Ended September 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified Opinion*
Internal control over financial reporting:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified that are not
considered to be material weaknesses? Yes None reported
Noncompliance material to financial statements noted? Yes No

Federal Award Programs

Internal control over major Federal Award Programs:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified that are not
considered to be material weaknesses? Yes None reported
Type of auditor's report issued on compliance for major Federal
Award Programs: *Unmodified Opinion*
Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Programs:

Major Federal Award Programs

	<u>CFDA No.</u>
U.S. Department of Health and Human Services Passed through from Healthy Start Coalition of Palm Beach County, Inc. d/b/a Healthy Beginnings of Palm Beach County Medical Assistance Program (Medicaid; Title XIX)	93.778
Maternal and Child Health Services Block Grant to the States	93.994

Dollar threshold used to distinguish between Type A and
Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

CHILDREN'S SERVICES COUNCIL OF PALM BEACH COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS (Continued)

Year Ended September 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

None

SECTION IV - OTHER MATTERS

- a) No Corrective Action Plan is required because there were no findings required to be reported in accordance with the Uniform Guidance.
- b) No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings reported.



CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A.

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Management Letter

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

Report on the Financial Statements

We have audited the financial statements of Children's Services Council of Palm Beach County (the "Council") as of and for the year ended September 30, 2018, and have issued our report thereon dated March 15, 2019.

Auditor's Responsibility

We conducted our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and, Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and, Independent Accountant's Report on Investment Compliance on our examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 15, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following audit findings and recommendations reported in our management letter dated March 21, 2018 were addressed by the Council in the current year or no longer apply: 2016-002 *Segregation of Duties*; 2017-001 *Bank Reconciliation Preparation and Review*; and 2017-002 *Journal Entries*.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note A to the financial statements. Also, as discussed in Note A, the Council included Prevention Partnerships for Children, Inc., a not-for-profit 501(c)(3) corporation, as a blended component unit of the Council.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Council has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Council did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2018.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Council. 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 review of financial information provided by same. The results of our procedures disclosed no matters that are required to be reported.

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and pass-through entities, and the Council Members, management and others within the Council, and is not intended to be and should not be used by anyone other than these specified parties.

*Calvin Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
March 15, 2019



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Independent Accountant's Report on Investment Compliance

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

We have examined Children's Services Council of Palm Beach County's (the "Council") compliance with Section 218.415, Florida Statutes, during the year ended September 30, 2018. Management of the Council is responsible for the Council's compliance with the specified requirements. Our responsibility is to express an opinion on the Council's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Council complied, in all material respects, with Section 218.415, Florida Statutes, during the year ended September 30, 2018.

This report is intended to describe our testing of compliance with Section 218.415, Florida Statutes, and is not suitable for any other purpose.

*Caler, Donten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
March 15, 2019