



Focusing on Children...



Investing in Our Community...



Producing Results...



**Children's
Services
Council**

of Broward County
Our Focus is Our Children.

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2009

6600 West Commercial Blvd, Lauderdale, FL 33319
954-377-1000 • info@cscbroward.org • www.cscbroward.org



Ana M. Valladares, Chair

Governor Appointee

As we work with our friends and partners to confront difficult economic times and generate future opportunities, we promise you that our motto "Our Focus is Our Children" is more than just a tagline. It is the guiding principle by which we will continue to invest in our community and produce results for the benefit of the children and families of Broward County.



Nancy L. Merolla

Circuit 17 Administrator,
Department of Children
and Families

Working in social services for many years, I have witnessed the devastating effects of child and youth neglect and the difficulties entailed in changing their circumstances once they fall through the cracks. I look forward to partnering with the CSC in our joint efforts to preempt abuse and neglect while laying the groundwork for a bright future for our children.



Emilio Benitez, Vice Chair

Governor Appointee

As President/CEO of ChildNet, one thing is absolutely clear to me: the long term wellbeing of a community depends on our ability to raise children in a safe, nurturing environment. The work of the CSC is an essential component in helping children thrive at home when possible or be adopted into a loving family.



Samuel F. Morrison

Governor Appointee

The Children's Services Council understands that dollars are not the only resource that can make a difference. That's why we play a key role in providing capacity building resources and a broad array of affordable trainings for all child serving organizations in Broward.



Mariza Cobb, Secretary

Governor Appointee

I am particularly proud of the work that the CSC does to provide children with special needs the opportunities to lead as fulfilling a life experience as any other child. The Special Needs Advisory Council is just one way in which Broward is making a difference for this population.



James F. Notter

Superintendent, Broward
County Schools

Doing more with fewer resources has been a reality all across the country during these difficult economic times. In Broward County we have weathered these circumstances better than elsewhere because of our community's ability to coalesce around the important issues and work together in establishing priorities. The CSC's role as convener and advocate was and continues to be an essential part of this success.



**Sue Gunzburger,
Immediate Past Chair**

Broward County Vice-Mayor

Thanks to good governance and insistence on high-quality, measurable outcomes from funded agencies, the CSC continues to deliver on its vision of providing the children of Broward County the opportunity to realize their full potential, hopes and dreams, even in times of economic uncertainty.



Terry Santini

Governor Appointee

Now more than ever, the taxpayers of Broward County need the CSC to find innovative and cost-effective ways to help ensure the safety and wellbeing of our children. I am proud that, through our fiscal sobriety and foresight, we have been able to maintain funding for programs that do just that.



Robin Bartleman

School Board of
Broward County

As a mother of two elementary school students and as a former classroom teacher, I believe in providing every child in Broward with a warm and nurturing environment both in and out of school that will allow them to blossom into responsible, productive adults. As a School Board Member, I am committed to working with the CSC to ensure this happens.



Dr. Paula Thaqi

Director, Broward County
Health Department

From a public health perspective, this had been a particularly difficult year. The CSC has proven to be an invaluable partner in promoting the health and safety of the children of Broward County and I am particularly proud of the success of our collaboration in Swim Safety and Child Immunization campaigns.



Judge Martin R. Dishowitz

Judicial Member

Juvenile Division

We have the responsibility of providing the children and youth of Broward County with the tools to make the right choices in life, while at the same time ensuring they are given second chances if possible to better their lives and become productive adults. The CSC understands the importance of evidence-based practices in funding programs that can help our children prosper.

**COUNCIL MEMBER
COMMENTS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Children's Services Council Of Broward County, Florida

for the

Fiscal Year Ended September 30, 2009



Issued By:

Cindy J. Arenberg Seltzer, President/CEO

Prepared By:

**Financial Management
Monti Larsen, Chief Operating Officer**



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Comprehensive Annual Financial Report
For The Year Ended September 30, 2009

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INTRODUCTORY SECTION





"Our focus is our children."

**CHILDREN'S
SERVICES COUNCIL
MEMBERS:**

*Ana M. Valladares, Chair
Governor Appointee*

*Emilio Benitez, Vice Chair
Governor Appointee*

*Mariza Cobb, Secretary
Governor Appointee*

*Commissioner
Sue N. Gunzburger
Immediate Past Chair
County Commissioner*

*Robin Bartleman
School Board Member*

*Judge Martin R. Dishowitz
Judicial Member*

*Samuel F. Morrison
Governor Appointee*

*Jack L. Moss
Regional Director
DCF Southeast Region*

*James F. Notter
School Superintendent*

*Terry Santini
Governor Appointee*

*Dr. Paula Thaqi
Director, Broward County
Health Department*

STAFF

*Cindy J. Arenberg Seltzer
President/CEO*

LEGAL COUNSEL

John Milledge

Garry Johnson

February 18, 2010

Members of the Children's Services Council
of Broward County
6600 West Commercial Blvd.
Lauderhill, Florida 33319

Dear Council Members:

In the spirit of good stewardship, we respectfully submit the Comprehensive Annual Financial Report ("CAFR") of the Children's Services Council of Broward County ("Council") for the fiscal year ended September 30, 2009. Florida Statutes require our financial statements are prepared in conformance with United States Generally Accepted Accounting Principles ("GAAP") and that an external audit be performed by an independent certified public accounting firm in accordance with generally accepted auditing standards. This report is the primary method of reporting the Council's financial activities and satisfies those requirements.

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

Management is responsible for maintaining an internal control framework that is designed to protect the Council's assets from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the expected benefits, and evaluation of costs and benefits requires management's estimates. The Council Members and management have a plan of organization and policies in place to safeguard assets, validate the reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies and procedures. We believe these existing internal accounting controls adequately safeguard assets and provide reasonable, but not absolute, assurance of proper recording and reporting of the Council's finances.

The Council's financial statements have been audited by Keefe, McCullough & Co., LLP, a firm of licensed certified public accountants competitively selected by the Council Members on August 16, 2007. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Children's Services Council for the fiscal year ended September 30, 2009 are free of material misstatement. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditors concluded that, based upon the audit, there was a reasonable basis for rendering an unqualified opinion that the Council's basic financial statements for fiscal year ended September 30, 2009, 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.

The independent audit of the Council's basic financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. This federal requirement is the result of receiving federal grants from various agencies as listed on the Schedule of Expenditures of Federal Awards. The standards governing Single Audit engagements 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 legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Internal Control and Compliance section of this report.

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

CSC Profile

The Children's Services Council of Broward County ("CSC" or "Council") was approved by the voters of Broward County by special referendum on September 5, 2000. Consequently, the Council was established as an Independent Special Taxing District January 2, 2001 by State Statute (Ch 2000-461 Laws of Florida) and amended July, 2004. The first Members of the Council were appointed March 2001 and operations officially began July 2001 with the hiring of the CEO/President and Chief Financial Officer. The July 2004 amendment included, among other things, the addition of the District Health Administrator as one of the Council Members appointed by virtue of their position.

The eleven Member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and

six (6) members appointed by virtue of the office or position they hold within the community. In June 2009, one of the founding Council Members retired from his position as Regional Director for the Department of Children and Families. He was instrumental in the creation and shaping of the Council and its fiscal policies and the Council expressed their gratitude for his leadership for these first eight years. As a result of changes in office or positions and a new representative for the School Board, there were four new Council Members added this past fiscal year. Council Members are responsible for setting policies and prioritizing program funding. Each member brings an understanding of the diverse and multi-cultural needs of the Broward community and a firm commitment to improving the welfare of children and their families.

The jurisdiction of the Council is contiguous with Broward County, the second largest county in the state and one of the most diverse counties in Florida as 25% are foreign born compared to an average of 17% statewide. The Council's mission is to provide the leadership, advocacy, and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning of a continuum of quality care. To accomplish this task, the statute allows for the Council to levy taxes up to .5 mills 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.

Operational Leadership

The CSC is marking the end of its eighth year of operations and has developed a robust leadership role within the child serving community. Our motto of "Our Focus is Our Children" guides the work of the Council and is evidenced every day through a single focus of providing leadership and funding for services for children and their families. The Council's goals and objectives are very closely connected to the Broward County Children's Strategic Plan, which provides a valuable framework for the community to foster public dialog on trends and benchmarks and to develop action plans for years to come. Workgroups from the community continue to meet throughout the year, with the support of a Council-funded facilitator, to fill gaps and to find more efficient ways to provide much needed services with shrinking resources.

The Council provides a strong leadership role in many social service arenas throughout the County and the State. Some notable accomplishments include: establishment of the Broward Training Collaborative and the Capacity Building Committee, both of which help support efficient and effective service delivery; coordination of a county-wide effort to collect 1.2 million pounds of food to help replenish dwindling stocks from the local food pantries; and was integral in the efforts to establish a state-wide Florida Prosperity Partnership for organizations that engage in the Earned Income Tax Credit campaigns to more effectively support struggling families and provide education and other financial literacy resources.

The Council's leadership has helped improve our ability to systematically track data, performance-based outcomes and the community impact of funded programs. A web-enabled database maintains provider and client data and accounts for the reimbursement of expenditures by unit of service. The Council continues to work with state and local agencies on data sharing initiatives to enable compilation and analysis

of performance outcome data. This comprehensive approach allows the Council to evaluate programs to ensure effective utilization. While national literature on social services' Return on Investment is an emerging area of research, the Council, along with our colleagues across the State, is on the cutting edge of that initiative.

Accountability to the taxpayer, as well as to the children and families that are served, remains a high priority of the Council. For example, all funded programs are monitored using a dual approach: service experts such, as staff with advanced degrees and off-duty teachers, review the quality of the services delivered; and local accounting firms review the administrative/financial functions. This dual methodology has been very successful; ensuring accountability while providing useful information which is used to improve program design, as well as to inform the training and technical assistance offered to providers.

Budget and Fiscal Policy

The annual budget serves as the foundation for the Council's financial planning and control. Council Members held their annual retreat in May, 2008. At that retreat they review the outcome and utilization history of funded goal areas; fiscal and social return on investment data; and feedback from the on-going work of the committees from the county-wide Children's Strategic Plan. Once the Council's goals are set, staff researches best practice, evidence-based programs to address any newly identified areas, procures specific services through the social service network, and assesses the performance of programs to ensure the desired results were obtained.

By statute, the Council must submit a tentative budget and millage rate to the Broward County Commission by July 1st. Once the final property tax values are determined by the Property Appraiser's Office, the Council must hold two public hearings in September as required under the Truth-in-Millage ("TRIM") Act. Each year, following the required disclosures and the conduct of hearings for taxpayer comment, the Council Members set the final tax rates and adopt a budget. The budget is prepared by function and transfers of appropriation between programs require Council approval. Budget-to-Actual comparisons are provided in this report in the Financial Section. Encumbrance accounting is used to reserve budgeted appropriations for obligations incurred but not yet received. All encumbrances lapse at year end.

Economic Conditions and Outlook

South Florida is a wonderful place to live, work and raise a family. The 23 miles of beaches coupled with the tropical climate, as well as a flourishing melting pot of cultural diversity (more than 25% of the County's population are foreign born compared to an average of about 17% statewide) add to the richness of the area. Broward County is a diverse multi-ethnic community with over 50 percent of residents considered minorities. However, the County has been deeply affected by the economic decline, which became apparent in the local community prior to being experienced throughout the State and nation. While the economic downward trend began with the housing crisis, it has affected many other social needs throughout the community.

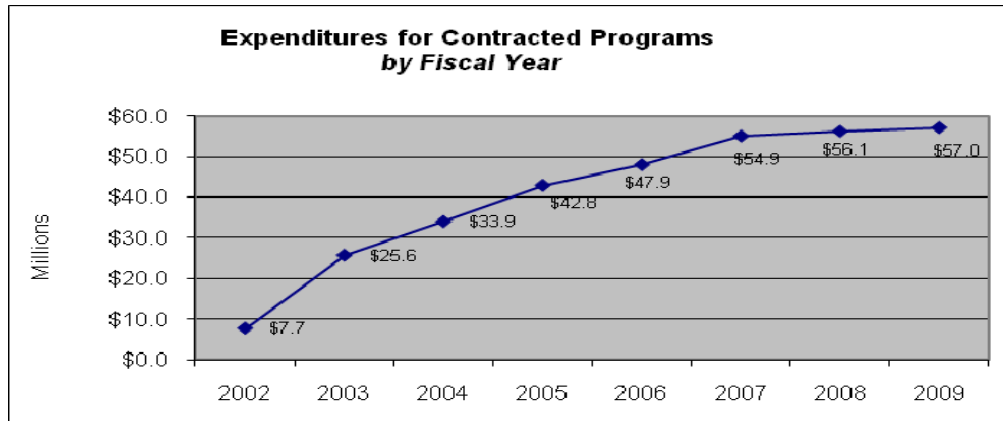
Other repercussions of the economic slump are apparent by the reduced rate in local population growth, although that decline began several years ago as housing prices

skyrocketed. In past years, larger numbers of in-migrants always fueled the rapid population growth. However, exceptionally high housing costs, coupled with diminishing job opportunities, reduced in-migration and population growth to its lowest level in sixty years. The number of children ages birth to 17 decreased by 12,184 or 2.9% from 2006 to 2007 (latest data available). Furthermore, homeless households with children increased by 18% from 2008 to 2009. Although the number of children in the County has declined slightly, it does not negate the increased need for services. Rather the need is even greater because of the economic weaknesses reverberating throughout the County.

Broward County has been very fortunate and not suffered a direct impact from a hurricane in the past four years. The County and various local agencies maintain a sense of preparedness with a strong infrastructure to provide vital community services if necessary. Perhaps because of the lack of storms, the County's tourism rate continues to reflect a fairly strong presence of visitors to our community, as confirmed by more than 10.7 million visitors spending more than \$8.8 billion. Destination marketing attracts an increasingly diverse mix of domestic and international visitors with the total tourist tax revenues reaching the highest ever average daily rate in the destination's history. Additionally, the local airport served approximately 22 million passengers in 2008, matching a record first set in 2007. It is the fifth fastest growing large hub airport in the nation and ranked 22nd in overall total passengers. Finally, with the introduction of the world's two largest cruise ships, Port Everglades is poised to become the world's largest cruise port. The new cruise terminal converted existing warehouse space to accommodate the new larger ships. The seaport generates \$18 billion in business activity annually and provides more than 11,620 jobs locally and another 200,000 jobs statewide.

Over the past few years, the Florida Legislature has taken multiple legislative actions to stem rising property taxes. For the current fiscal year, new requirements provided additional property tax exemptions for real property owners, tied future millage rate increases to the average growth in personal income and strongly discouraged local governments from increasing their millage rates to make up for lost revenues. In addition to these new limitations for increasing tax revenue, a steep decrease in interest rates resulted in a dramatic loss of interest earnings that will not be recouped. These revenue limitations, when coupled with falling property values and interest rates, means the next few years will bring reduced revenue at the same time that the economy is faltering and the need for children's programs and services is at its highest.

The Council continues to strive to maximize services for Broward's children and families and has carefully used fund balance to help offset revenue losses, while maintaining a high level of accountability to the taxpayer. Although the budget for services has leveled or slightly decreased these past couple of years, expenditures for various children's services steadily increased. This is the result of the provider agencies steadily improving their utilization, as illustrated in the chart below. While funding trends may remain level for the foreseeable future, the Council's services for children and their families continues to provide a great community benefit of improving the quality of life while also providing an economic gain to the community by funding over 2,600 full time equivalent positions in the social services area.



Major Initiatives

The Council had a very busy and productive eighth year and is looking forward to building upon those successes to promote further gains for Broward’s children and families, even with reduced resources. Some significant eighth year programmatic initiatives include:

- ◆ The Council finalized construction of its new “green” headquarters building paid with non-recurring funds reserved for this purpose. The building was built according to LEED (Leadership in Energy and Environmental Design) standards - the nationally accepted benchmark for design, construction and operation of high performance green buildings. It is anticipated that the energy efficient building will result in notably lower operating costs which will be redirected towards children’s programs and services. In keeping with the Council’s mission, young people enrolled in Youth Build Broward! had the opportunity to learn green building skills from the Council’s vendors.
- ◆ The Council rolled out a new child-friendly logo to coincide with the move to the new building. The new logo was the result of a competition at the Art Institute of Ft. Lauderdale to design a new logo for the Council.
- ◆ \$6.3 million of Council funding leveraged approximately \$1,070,673 in additional federal/state dollars to provide child care for 255 children each month. The total funding provided over 2,300 children of the “working poor”, historically an underserved population, with the opportunity for placements in subsidized child care.
- ◆ In partnership with the local School Board, the Council was awarded a grant from the Florida Department of Education, 21st Century Community Learning Centers (“21st CCC”) to fund the third year of afterschool programs at low-performing high schools. Expenditures were approximately \$658,000 to provide a broad array of enrichment activities that support and complement student’s regular academic programs. The collaboration also received a new 21st CCC Learning grant to begin services at 2 new low performing high schools.

- ◆ Partnering with the Internal Revenue Service and local human service providers, the Council aggressively promotes the Earned Income Tax Credit (“EITC”) program for working families continues to be a major initiative for the Council. In its seventh year, this outreach campaign provided an additional \$90 million that went directly into the pockets of eligible Broward County residents. For fiscal year 2009, the Council spent \$201,823 a 2.3% increase from the prior year, to promote and expand EITC. Over the years, outreach has expanded to incorporate financial literacy, access to Kid Care (health insurance), WIC, food stamps, in addition to preparing tax returns at Volunteer Income Tax Assistance (“VITA”) sites. A mobile unit is also used to travel to needy areas including disabled, low income communities, and areas with large numbers of non-English speaking residents. While final county-wide IRS figures for tax year 2008 are not yet available, we know that over \$7 million was generated from tax returns prepared at designated VITA sites.
- ◆ Partnering with community agencies, the Council embarked in a summer safety campaign promoting drowning prevention, safety in and around cars, safe sleeping and immunizations. Community fairs were held and public service announcements blanketed airwaves providing information concerning child safety throughout the community.
- ◆ The Council leads an Agency Capacity Building Committee of key community funders and service providers in an open dialog on concerns and issues related to funding and building capacity for emerging, niche, and community-based organizations serving children and their families. One such organization credits the Council’s help for enabling them to grow from serving 200 participants with one part-time employee in 2005, to serving over 5,000 participants with four full time employees in 2009.
- ◆ The Council continued its progress for creating a seamless system of care for families with physical and developmental disabilities. The Special Needs Advisory Committee (“SNAC”) continues to create coalitions and workgroups to improve communication and access to services as identified in the Broward County Children’s Strategic Plan. The SNAC is essential to ensure that needed services for this population continue to grow in Broward County.
- ◆ The Council, in partnership with A. D. Henderson Foundation, has laid a strong foundation for collaboration between the many Early Care and Education (“ECE”) partners (child care providers, parents, private and public funders, social service organizations, Pre K and elementary schools and government agencies). Our collaborative funding of an ECE Project Manager has given these entities a central point of connection and united community efforts. From these initial efforts, improving quality at child care centers has come to the forefront as a crucial community need. A pilot program known as Positive Behavioral Support (“PBS”), a nationally recognized, evidence-based approach, has been launched to promote and support nurturing child care environments.
- ◆ The Council continues their efforts to bring community partners together to improve conditions for children and families. For the second year, the

Council and other funding partners hosted a forum for public funders and non-profits to work together to find ways to meet the challenges of budget cuts and loss of revenue. Organized around the Children's Strategic Plan, the summit included over 200 participants representing over 30 agencies and discussed strategies to reduce the impact of the economic downturn on children and families. This framework is intended to outlast this crisis and continue as a long-term collaborative tool.

- ◆ The Council continues to lead the community efforts to break down funding barriers while maintaining high standards of accountability and building the capacity of agencies to deliver quality services. The Council strives to provide leadership, trust, collaboration, and accountability in each of its initiatives to improve programs and ultimately children's lives.

The Council's budget for fiscal year 2009-2010 is \$66.2 million, which includes a \$1.6 million budget carry forward from the prior fiscal year and \$3.2 million of fund balance. Using this \$4.8 million of existing funds, the Council was able to lessen the increase in millage rate without significantly reducing programs and services. The Council continues to be very cognizant of limited resources and works diligently to serve the children and families in the most efficient and effective manner.

Certificate of Achievement for Excellence on Financial Reporting


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 Broward for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the seventh consecutive year that the Council was eligible to receive this prestigious award. 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 our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We extend our sincere appreciation to the Council employees who provide countless hours of research in the preparation and production of this report. Special thanks go to the Council Members for their dedicated service and support.

Respectfully Submitted,


Cindy J. Arenberg Seltzer,
President/CEO


Monti Larsen,
Chief Operating Officer

Children's Services Council of Broward County

Organizational Chart and List of Principal Officials

Fiscal Year 2008-2009

Broward's Children and their Families

Council Members
 Ana Valladares-Chair
 Emilio Benitez-Vice Chair
 Mariza Cobb-Secretary
Members:
 Sue N. Gunzburger; Robin Bartleman;
 Judge Martin R. Dishowitz; Samuel F. Morrison;
 Jack L. Moss; James F. Notter; Terry Santini;
 Dr. Paula Thaqi

Attorney

Auditor

President/CEO
 Cindy J. Arenberg Seltzer

Executive Assistant

Chief Program Officer

Chief Operating Officer

Director - Program Services

Program Services Manager
2 Positions

Program Services Specialist
9 Positions

Administrative Assistant
2 Positions

Director - Research Analysis & Planning

Research & Planning Analysts
4 Positions

Administrative Assistant

Director - Public Affairs & Organizational Development

Government Affairs Manager

Community Affairs & Special Projects Specialist
2 Positions

Training Specialist & Coordinator
4 Positions

Administrative Assistant
2 Positions

Systems & Resources Manager

Development Specialist
1 Position

Special Needs Manager

Various Grant Funded Personnel
4 Positions

Director - Informational Technology

IT & Network Analysts
4 Positions

Data Systems Administrator
1 Position

HR Manager

Staff & Contract Compliance Accountants
2 Positions

Fiscal Analyst

Purchasing Specialist & Accounting Clerk
2 Positions

Executive Assistant



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Children's Services
Council of Broward County
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



FINANCIAL SECTION





KEEFE, MCCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOHN R. KEEFE, C.P.A.
STEVEN H. WOODS, C.P.A.
DAVID T. WILLIAMS, C.P.A.
JOSEPH D. LEO, C.P.A.
WILLIAM G. BENSON, C.P.A.
KENNETH G. SMITH, C.P.A.
LOUIS R. PROIETTO, C.P.A.

CYNTHIA L. CALVERT, C.P.A.
ISRAEL J. GOMEZ, C.P.A.
JAMES R. LARAWAY, C.P.A.
JOHN E. McCULLOUGH, C.P.A. (RETIRED)
THOMAS T. CARPENTER, C.P.A. (RETIRED)
PAUL B. SNEIDER, C.P.A. (RETIRED)
BRIAN D. PINNELL, C.P.A. (RETIRED)

ROSS S. GOTTHOFFER, C.P.A.

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Council
Children's Services Council of Broward County
Lauderhill, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of the Children's Services Council of Broward County ("the Council"), as of and for the year ended September 30, 2009, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2010, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Children's Services Council of Broward County

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, required supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Council. The required supplementary information and the schedule of expenditures of Federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.


KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 18, 2010

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2009

Our discussion and analysis of the Children's Services Council of Broward County ("Council") or ("CSC") financial performance provides an overview of the Council's financial activities for the fiscal year ended September 30, 2009. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 21.

FINANCIAL HIGHLIGHTS

Fiscal year ending September 30, 2009 concludes the eighth year of operations for the Council. This report highlights how the Council provides leadership working with community partners and investing in evidence-based interventions and services for children and families throughout the County. Nearly 130 programs are delivered by over 80 community organizations who share the Council's mission/vision, commitment to children and expectations for excellence.

Net assets decreased from the prior year by \$3.3 million and it is expected that net assets will continue to decrease in subsequent years as the Council appropriates unrestricted dollars to make up for declining property values and state property tax reform legislation. The following illustrates some of the Council's financial highlights for the year:

- ◆ Levied tax revenue generated through the TRIM process slightly decreased by \$101,700 from the prior year, for total tax revenues of \$60 million. This reduction was due to a decrease of \$8.8 billion of gross taxable property values throughout the County. Furthermore, new tax reforms became effective in fiscal year 2009 that allowed for additional property exemptions, as well as new reporting and advertising requirements that strongly discourage governments from raising millage rates to restore lost tax revenue. Thus, for fiscal year 2009, the Council slightly increased the millage rate 5.1% from .3572 mills to .3754 mills even though less tax revenue was generated.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$22.2 million (net assets). Of this amount, \$13.5 million (unrestricted net assets) may be used to meet the Council's ongoing obligations to Broward's children and their families.
- ◆ In June 2008, culminating two years of detailed planning, the Council entered into a contract with a local developer for just under 2 acres of land for the construction of a 31,500 square foot "green" office

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building to house the Council's headquarters. The contract stipulated that the total purchase price would be paid once a certificate of occupancy was issued. On September 1, 2009 the building was completed and the certificate of occupancy was issued. Since the Council is precluded per state statute from issuing any debt, the \$8 million was previously Reserve for Building within fund balance was paid accordingly. The new building is designed as a LEED (Leadership in Energy & Environmental Design) building and is expected to achieve a minimum of a Silver certificate within the next year. This energy efficient building is expected to lower operating costs, which translates into additional dollars for children's services, while providing much needed community training and meeting space for child advocates and stakeholders.

- ◆ The Council co-convened a Broward County Children's Budget Summit, providing a forum for community stakeholders to discuss ways to minimize the harm caused by dwindling local resources for children's services. Using the County-wide Children's Strategic Plan as a framework, over 200 advocates representing over 30 funders and service providers gathered to listen to Children's Strategic Plan sub-committee recommendations and develop strategies to reduce the impact of the economic downturn on children and families. Strategic Plan workgroups continue to meet regularly throughout the year to maximize funding and provide more cost-efficient services to improve the well-being of children and families.
- ◆ The total cost of the Council's contracted services increased slightly from \$59.5 million in the prior year to \$60.3 million, or 1.4%, this fiscal year. This minor increase in contracted services was appropriated from fund balance and budget carry-forward to help ease the reduced tax revenue and provide much needed programs and services. The following highlights key examples of the Council's goals and objectives for various initiatives:
 - Out of school program expenditures for elementary age children increased 21.4%, or \$3.7 million, from the prior year as year-round programming was implemented. These programs remain a large commitment, representing 36% of the overall program budget, supported by impressive outcomes performance. The after school and summer programs target three populations: low income typically developing children attending Title I

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schools, children and youth with physical, developmental, sensory or learning disabilities and children with behavioral health conditions that disrupt daily functioning. Services are provided in over 100 school and community-based locations throughout the County, serving approximately 12,000 economically disadvantaged children and 2,200 children with special needs. Of note is that 88% of children served demonstrated academic improvements in the areas of reading and math.

- Services targeting high risk middle and high school students, including youth with behavioral health and other special needs represents over \$5 million or 8% of the overall budget. These eleven Youth Force programs began operations in the summer of 2008, serving over 1600 youth and have already demonstrated quite successful outcomes. For example, 99% of youth did not obtain any law violations within a year after program completion and 100% of youth did not become pregnant and did not cause a pregnancy. This is a challenging population to engage and the Council is excited with these early positive results.
- The Council expanded innovative programming for high school teens with physical and developmental disabilities to create a continuum of care for this special population. During fiscal year 2009, over \$1.5 million, a 10% increase from the prior year, was expended for this cutting edge initiative. Learning Independence through Focused Transition programs ("LIFT") provides social and job readiness skills for special needs youth not yet ready to enter the workplace. Over 300 teens with disabilities participated in six programs that build social skills, daily living skills and the ability to explore career opportunities through hands on learning experiences. Once skills are mastered, youth are given the opportunity to demonstrate those new skills in various work environments at governmental, not-for-profit and private agencies. Supported Training and Employment Program ("STEPS") provided 118 youth with summer supported employment, including on-site professional "job coaches" at 28 worksites countywide. For the majority of youth, it is the first time they experienced the "workplace world" and an opportunity for independence.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

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- The Council worked collaboratively with its funding partners to maximize youth served in the Summer Youth Employment Program by rolling over \$500,000 from fiscal year 2009 to fiscal year 2010. The Council's funding supported economically disadvantaged youth ages 16-18 with the opportunity to gain knowledge of the work environment and develop skills to succeed, while the stimulus dollars supported youth ages 19 to 24. Funding from federal stimulus dollars under the American Recovery and Reinvestment Act (ARRA) helped increase the number of youth served to over 1,350 participants.
- While expenditures for Family Strengthening programs remained level from the prior year at \$7.8 million, it represents 15% of the overall budget. The Council remains committed to reducing the incidence of child abuse and neglect within the community and demonstrated this commitment by increasing the budget over \$1.2 million in fiscal year 2010. These critical services are designed to preserve families by providing intensive in-home family therapy, parent training, case management and other support services. The Council works closely with a network of community partners involved in the child welfare system to coordinate resources, expedite service delivery and share case and resource information.
- Delinquency diversion programs, New Delinquency Alternatives for Youth or "New DAY," were increased slightly by 1.4% or \$31,000 for a total investment of \$2.2 million. Programs served over 1,500 youth with less serious law violations diverted from the juvenile justice system by the State Attorney's Office in fiscal year 2009. Over 91% of all youth referred successfully completed all diversion requirements which typically include community service, apology letters and/or restitution to victims, counseling to give youth a second chance, curfews, etc. Of those youth, 93% have stayed out of trouble with the law for at least a year after program completion, a success rate significantly higher than state and national findings.
- In fiscal year 2003-04 the Council entered into long term agreements with various cities to build inclusive playgrounds for children and family members with physical challenges. It

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has taken several years to obtain all of the necessary permits, construct and install the equipment. Three inclusive playgrounds opened this fiscal year for a cost of over \$350,000, matched by a one-to-one match in City revenue. One city must still finalize their project and the \$25,000 budget will be carried forward into fiscal year 2010.

- The Council released three separate Requests for Proposals ("RFP") for new programs, as well as worked collaboratively with several governmental agencies to establish a new funding model for the delivery of school health services. The restructuring of School Health services to a Differentiated Staffing Model supports braided funding by the Council, Department of Health and School Board and provides efficiencies to allow the Council to serve additional schools with a reduced allocation for fiscal year 2010.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 21 and 23) 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 24. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds. The notes to the financial statements (on pages 29 – 46) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements, and is required by the United States Generally Accepted Accounting Principles ("GAAP"). This report also contains other required supplementary information in addition to the basic financial statements starting on page 48.

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.

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Furthermore, for financial reporting purposes, the Council is considered a special-purpose government engaged in a single governmental program. As such, the Statement of Activities is presented utilizing the alternative format presenting a single column that reports expenses first followed by revenues.

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

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

These two statements report the Council's net assets and changes in them. You can think of the Council's net assets—the difference between assets and liabilities—as one way to measure the Council's financial health, or financial position. You will; however, need to consider that the Council is only in its eighth year of operations and just now has data trends necessary to gauge business cycles and financial health.

It is anticipated that net assets will decrease over the next few years as the Council continues to expend the accumulation from under-utilized funds while complying with legislation that limits a governmental entity's ability to increase tax revenues. As mentioned under the Financial Highlights section, new legislation allows for additional property tax exemptions and strongly discourages governmental entities from increasing their millage rates to make up for the revenue loss. If the millage rate is above a certain threshold, the governmental body must approve the tax increase with a two-thirds majority or unanimous vote depending on the rate increase.

The Council is responding very conservatively and did not raise the millage rate beyond the restricted limits. Additionally, the South Florida area has been deeply affected by the real estate slowdown with declining property values and higher foreclosure activity for this fiscal year and

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continuing into the next year. Thus, the expected decrease of net assets in the next few years is not an indication of deteriorating financial health.

In the Statement of Activities, the Council's expenses are presented in two primary categories: Contracted Programs and General Administration. The Contracted Programs category includes expenses that directly fund provider agencies for services to children and families, as well as the related support to manage these contracts. The General Administration category is self-explanatory and includes those common support expenses.

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. All of the funds of the Council are categorized as governmental funds.

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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds (reported in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) in the 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 Special Revenue Fund as defined by the Governmental Accounting Standards Board ("GASB"). The General Fund is used to account for all financial resources except those required to be reported in another fund. The Special Revenue Fund is

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used to account for federal grants. Currently the Council has two main grants, one that is funded through Broward County from the Department of Health and Human Services-Substance Abuse and Mental Health Services Administration ("SAMHSA") and the other funded through the Broward County School Board from the Department of Education Twenty-First Century Community Learning Centers ("21st CCLC").

The Council adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for both funds and can be found starting on page 48 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 29 to 46 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The individual fund statements with budget to actual are found on pages 48 to 51 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Council's eighth year of generating tax revenue, assets exceeded liabilities by \$22.2 million at the close of the fiscal year.

As property values decrease and the Council's ability to increase its millage rate is constrained by State statute, the sizeable amount of net assets decreased as expected. Additionally, the Council purchased a new headquarters building using reserves designated for this purpose. Thus, the reduction of net assets is planned and is not an indication of the Council's deteriorating financial condition.

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CSC's Net Assets As of September 30,

	<u>FY 2009</u>	<u>FY 2008</u>
Current Assets	\$ 19,611,369	\$ 32,279,211
Capital Assets	8,768,661	225,220
Total Assets	<u>28,380,030</u>	<u>32,504,431</u>
Current and Other Liabilities	5,704,294	6,659,041
Long-Term Liabilities	445,878	331,754
Total Liabilities	<u>6,150,172</u>	<u>6,990,795</u>
Net Assets:		
Invested in Capital Assets	8,768,661	225,220
Unrestricted	13,461,197	25,288,416
Total Net Assets	<u>\$ 22,229,858</u>	<u>\$ 25,513,636</u>

- ◆ The sizeable decrease of \$12.7 million in current assets from FY 2008 to FY 2009 was primarily due to the purchase of land and a newly constructed 31,500 square foot "green" building for \$8.5 million. The remaining \$4.2 million decrease in current assets is the spending down of cash as budgeted, lower than expected interest earnings and less revenue from taxes.
- ◆ Investments in capital assets increased significantly by \$8.5 million from the prior year primarily due to the purchase of the land, construction of the building, building related infrastructure and other related furniture, fixtures and equipment. A small portion of the increase stemmed from purchases of new computer equipment replacing older servers coming off the schedule per their life cycle. Total depreciation expense was \$166,453, of which \$132,531 was for computer hardware and software. Since the purchase of the building closed on September 1, 2009 only \$33,922 depreciation expense was related to the building. Finally, there are \$65,000 fully depreciated provider related capital assets that were transferred to the appropriate programs.
- ◆ The current and other liabilities category is comprised primarily of accounts payable, which decreased \$954,747, and is chiefly due to the timing of provider invoices for September services and accounting for unearned revenue from the two federal grants. The long-term liabilities category reflects the estimated amount for compensated absences that may be paid

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in the future and Other Post-Employment Benefits (OPEB) for eligible retirees for health insurance "implicit subsidy" premiums. The \$114,124 increase results from higher accrual balances and more employees nearing retirement.

- ◆ Unrestricted net assets decreased \$11.8 million from the prior year as explained above. Furthermore, several programmatic initiatives totaling \$1.7 million that began in the current fiscal year will be carried forward into the subsequent fiscal year and an additional \$3.2 million of unrestricted net assets are committed to on-going contracts in the upcoming fiscal year.
- ◆ With respect to debt, the Council is prohibited, per Florida State Statute, from issuing any type of debt instrument including the issuance of bonds of any nature.

Key elements of the Council's changes in net assets are as follows:

CSC's Changes in Net Assets Fiscal Years Ended September 30,

	FY 2009	FY 2008
Revenues:		
Property Taxes	\$ 59,990,448	\$ 60,092,171
Investment Earnings	153,990	1,095,569
Other	1,062,019	1,465,546
Total Revenues	61,206,457	62,653,286
Expenses:		
Contracted Programs	60,350,855	59,486,413
General Administration	2,321,068	2,348,431
Community Redevelopment and Tax Collector Fees	1,818,312	1,555,588
Total Expenses	64,490,235	63,390,432
Increase (Decrease) in Net Assets	(3,283,778)	(737,146)
Net Assets - Beginning of Year	25,513,636	26,250,782
Net Assets - End of Year	\$ 22,229,858	\$ 25,513,636

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2009, property taxes remained relatively flat for a total of \$60 million. The Florida Legislature's recently enacted laws allow real property owners additional property tax exemptions and strongly discourages local

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governments from increasing their millage rates to make up for lost revenues. Although the Council is authorized to levy up to .5 mills, because of these new requirements the property tax millage rate increased just slightly to 0.3754 mills up from 0.3572 mills. While the millage rates resulted in lower revenue by \$100,000, the Council used fund balance in order to not reduce much needed services to meet the identified needs for Broward County's children and their families in these hard economic times.

- ◆ **Investment earnings** totaled \$153,990 in fiscal year 2009, a drastic decrease from the prior year. This was due to much lower interest rates than anticipated and the unrealized loss on investments in Fund B with the Florida Local Government Funds Surplus Trust Fund. The Council earns interest revenues by placing idle cash with the Florida Local Government Funds Surplus Trust Fund and Evergreen Investments, in accordance with the Council's investment policy.
- ◆ **Other revenue** includes grants, training registration and miscellaneous revenue and for the current year equals \$1,062,019, a significant decrease of \$403,527 from the prior year. The decrease stems primarily from the final year of the SAMHSA grant. The federal grants represent 47.2% or \$501,488 of Other Revenue. The remaining amount of Other Revenue consists of \$113,760 reimbursement from the Federal Title IV-E Foster Care and Adoption Programs through an agreement with State of Florida Department of Children and Families; \$405,391 from partnerships with local foundations; \$27,047 training registration fees; and \$14,333 miscellaneous revenues.
- ◆ **Expenses for Contracted Programs** and related administration totaled \$60.3 million in fiscal year 2009, a slight increase of 1.4% or \$864,000 from fiscal year 2008. The increased expenses stem primarily from expanded year-round out of school time programs for typical children and children with physical, developmental and behavioral special needs. Although the total budget for Contracted Programs decreased \$2.3 million, the funded agencies more fully utilized their contracts, thus demonstrating greater programmatic reach. As the graph on the following page illustrates, 93.58% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 88.64% are directly contracted to local service providers.
- ◆ **Expenses for General Administration** totaled \$2.3 million in fiscal year 2009, a slight decrease of \$27,300 from fiscal year 2008. Moreover, general administrative costs only represent 3.56% of the overall expenses, which

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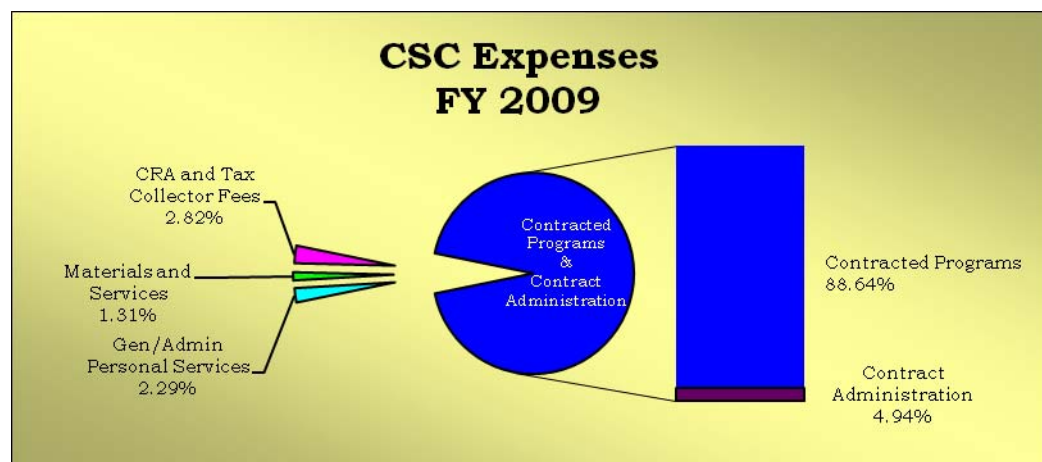
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demonstrates the Council's fiscal prudence, a very resourceful staff and effective use of technology. The Council's focus continues to be providing services throughout the community with minimal administration costs. The Community Redevelopment and Tax Collector fees, discussed below, make up the remaining 2.82% of the administrative expense.

- ◆ **Community Redevelopment and Tax Collector fees** for fiscal year 2009 increased notably by 16.9% or \$262,724 for a total of \$1,818,312. The Tax Collector fees are based on the operating budget of the Property Appraisers Office and are allocated among the taxing districts. With governmental entities reducing their budgets, the Tax Collectors fees decreased from the prior year by 14.7% or \$53,638.

The Community Redevelopment Agency (CRA) tax increment fees are tied to the increased incremental property tax values in specific areas, as well as the Council's established millage rate. While property values have generally decreased in value, many of the CRA districts continue to see increased value. CRA fees increased appreciably from fiscal year 2008 by over \$316,000 or 26.6%. In those districts wherein the Council and the CRA have formed a partnership, over \$1 million or 40% of the total CRA fees were provided in programs and services in lieu of fees. This is the result of successful collaborations between the Council and many of the CRA Districts to use these fees in the form of programs and services for children in these targeted communities. Additionally, the Council is continuing negotiations with the few remaining CRA's in an ongoing effort to dedicate this funding for children's services in those respective areas.

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2009.



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Analysis below separately considers the operations of governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its eighth year of operations, the governmental funds (as presented in the balance sheet on page 24) reported a total fund balance of \$13.9 million. Included in the fund balance is \$331,036 reserved for prepaid expenditures. The term "reserve" should only be used to identify that portion of fund balance that is not available for appropriations or is legally segregated for a specific purpose.

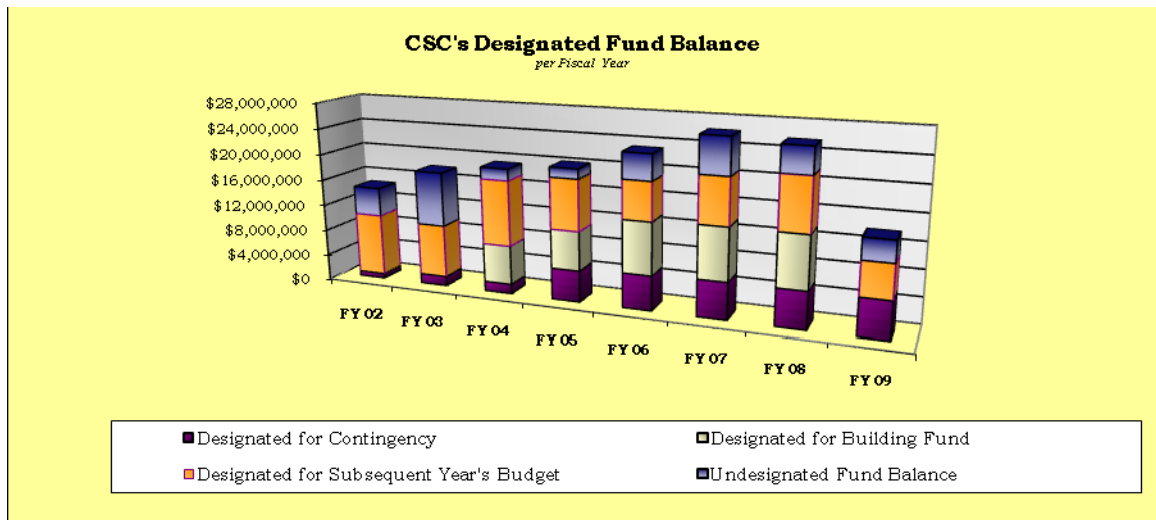
Fund balance decreased a total of \$11.7 million from the prior year. Key factors for the decrease are due to the following:

- Purchased new building for \$8.5 million. In fiscal year 2004, the Council began the process to procure a headquarters building given that owning is more cost effective over the long term than leasing. Since the Council it is precluded from issuing all types of debt including a mortgage, a portion of fund balance was reserved for this purpose. In June 2008, the Council entered into a turnkey project for land and a new 31,500 square foot "green" building. The project was completed and closed on September 1, 2009 wherein the funds were moved from reserve and expended accordingly.
- Budgeted and expended \$3.5 million of fund balance. Given this era of greater need and the limitations of raising property taxes, the Council used undesignated fund balance in order to maintain services for children and their families.
- ◆ **Designated fund balance** amounts are not the same as reservations of fund balance as they represent planned actions, not an actual commitment. Accordingly, \$4.8 million is designated for the subsequent year's budget; thereby, effectively reducing the necessary millage rate for fiscal year 2009-2010. An additional designation of fund balance includes \$5.6 million for contingency which is required to manage cash in-flows and out-flows until tax revenue is received since the Council is prohibited of issuing short-term debt instruments such as RAN (Revenue Anticipation Notes) or TAN (Tax Anticipation Notes). This contingency amount is based on best practices as outlined by the Government Finance Officers Association (GFOA). This leaves a remaining undesignated fund balance of \$3.2 million.

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The illustration below depicts fund balance designations for each fiscal year:



- ◆ **Budget amendments** are prepared over the course of the year allocating appropriations from one line item to another to prevent budget overruns. Actual charges (expenditures) to appropriations (budget) were \$4.9 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$3.5 million) occurred in Contracted Programs reflected in the Council's General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual found on pages 48-49. This variance is due to several factors related to programs and services. To illustrate:
 - For most contracts, the Council requires that service provider's invoice be based on "units of service", not reimbursement of expenses. Consequently, if a provider does not provide all of the services that were anticipated, the contract is under-utilized. This method of invoicing allows the Council to only pay for services actually provided. The Council monitors utilization throughout the year and continues to work closely with those providers to help them provide the services and, therefore, utilize the available funds. The budget variance affected by under-utilization of the contracts totaled \$2.8 million.
 - To put the under-utilized numbers into a contextual framework, the overall utilization for all goals and objectives is 94% for the year. However, this percentage is skewed by the planned under-utilization of the Summer Youth Employment Program (SYEP) and the

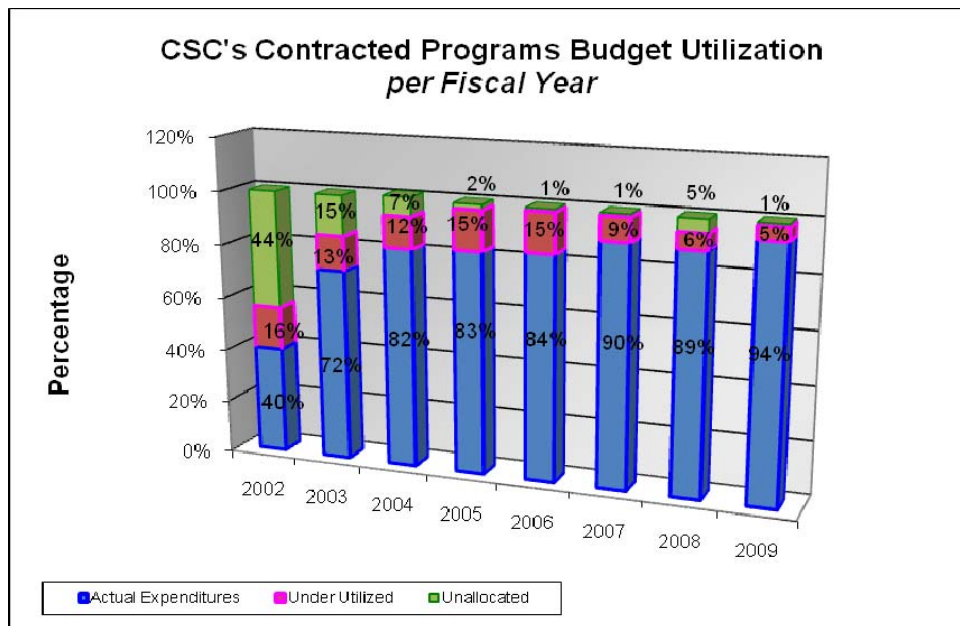
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Department of Education's 21st Century Learning Grant. In order to maximize federal stimulus dollars that became available for SYEP for fiscal year 2008/09, this pre-determined "under-utilization" of \$500,000 was approved. Similarly, for the 21st Century Learning Grant, Council funds are the "payor of last resort" in which \$192,700 was predetermined for budget carry-forward into the next fiscal year. The total portion of the budget variance that will be carried forward for contracted programs into the subsequent fiscal year totaled \$761,000.

- The budget for FY 09 included approximately \$659,000 that was not allocated to any specific program but may be appropriated in the subsequent fiscal year. Because the local economic condition continued to deteriorate, the Council purposefully left these funds unallocated to prepare for the drop in available revenues.
- The variance of \$122,638 for computer hardware and software and \$921,348 are both related to finalizing construction and equipping the new office building. These amounts were carried forward to the upcoming fiscal year.

The graph below depicts the utilization trends for contracted programs by detailing actual expenditures, under-utilization and unallocated funds for each fiscal year.



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Alternatively, resources available for appropriation (revenues) were \$362,700 less than the final budgeted amount. This negative variance was primarily the result of lower than expected interest earnings and less than anticipated revenue generated through grant and miscellaneous local sources.

OTHER ASSETS and OTHER OBLIGATIONS

At the end of fiscal year 2009, the Council had \$8.8 million invested in capital assets including land, the newly constructed building and related infrastructure, as well as computer hardware and software. More detailed information about the Council's policies concerning capital assets is presented in Notes 2 and 7 of the Notes to the Financial Statements.

As presented in Note 13 of the Notes to the Financial Statements, the Council purchases commercial insurance for property and casualty claims. Other obligations include accrued vacation pay and sick leave and OPEB. More detailed information about the Council's long-term liabilities is presented in Notes 8 and 9 of the Notes to the Financial Statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET and TAX RATES

The Council Members considered many factors when setting the fiscal-year 2010 budget and tax rates. Council Members continue to be very cautious in setting the tax rate, weighing their desire to meet the expanding need for services against the service provider capacity to deliver quality services. The Council is also mindful of the present fund balance, the .5 mill maximum tax levy and pressures in the local economy related to high unemployment rates and foreclosures.

Broward County is the second most populous county in the state and comprises 31 different municipalities within an urban/suburban setting. A snapshot of the local economy presents a complex mix of economic indicators wherein downward trends in the local housing market continue to lead the state and country and dominate the economic landscape.

Because of the housing crisis, property values declined about 11% percent within the past year. Foreclosures in Broward County continued to increase this past year from a total of 10,149 in 2008 to 12,985 in 2009, a 27.9% increase. This extremely high number of foreclosures coupled with the high unemployment has had a wide reaching impact within the local economy. For the first time in many years, there has been an increased wave of Broward County residents leaving the area and the state while fewer new residents are

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Management's Discussion and Analysis September 30, 2009

moving in, thus reducing Broward's population estimate. However, the housing market is beginning to show signs that the worst is over with sales starting to slightly rebound, and foreclosures/rising unemployment leveling off.

Unemployment in Broward County as of September 2009 increased dramatically to 10.9% up from 6.5% at the same time last year versus 4.5% in September 2007. However, the local unemployment data is less than the State's unemployment rate of 11.3% while somewhat higher than the national rate of 9.8%. The housing woes are clearly reflective in the high unemployment rates with construction jobs and jobs directly related to the real estate market. Other industries connected to housing such as home improvement, financial, etc. are also feeling the effects.

The bright spot of news in this era of economic uncertainty is that inflation rate has declined and in the greater Fort Lauderdale/Miami region currently mirrors the national Consumer Price Index (CPI) index of -0.6percent over the past 12 months. Over the past year, food costs fell 1.0 percent, the largest over-the-year decrease for this index since July 1986. The housing index which measures changes in the costs for rent of primary residence declined 0.8 percent, the largest 12-month drop since January 1983. Inflation tends to run higher in this region due in part to the vulnerability of hurricanes (although there has not been a major storm in the area for three years), the high cost of property taxes and insurance, food, energy, etc.

At present, Council goals and objectives are shaped using the County-wide Children's Strategic Plan, input from the community and staff. The budget is then developed around those identified service and system needs. Additionally, the Council members voted to appropriate \$3.2 million of fund balance in the subsequent fiscal year. This carry forward, allowed the Council members to maintain most of the on-going programs with only a slight increase in the millage rate to 0.4243 mills for the upcoming 2009-2010 fiscal year.

REQUESTS FOR INFORMATION

This financial report has been designed to provide Broward County's citizens, taxpayers and providers 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, contact the Chief Operating Officer at 6600 W Commercial Blvd., Lauderdale, Florida 33319 or visit the Council's website at: www.cscbroward.org.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Net Assets
September 30, 2009

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 2,714,337
Investments	16,397,462
Taxes Receivable	50,292
Accounts and Interest Receivable	7,324
Due From Other Governments	110,326
Prepaid Expenses	331,628
Total Current Assets	19,611,369
Other Assets:	
Capital Assets, Not Being Depreciated:	
Land	2,500,000
Capital Assets, Net of Accumulated Depreciation:	
Building and Related Infrastructure	6,107,295
Computer Hardware/Software	139,660
Equipment	21,706
Total Capital Assets, Net	8,768,661
Total Assets	28,380,030
LIABILITIES	
Current Liabilities:	
Accounts Payable	5,663,194
Due To Other Governments	399
Unearned Revenue	310
Expected to be paid within one year:	
Compensated Absences	40,391
Total Current Liabilities	5,704,294
Noncurrent Liabilities:	
Expected to be paid after one year:	
Compensated Absences	388,978
OPEB Obligation	56,900
Total Noncurrent Liabilities	445,878
Total Liabilities	6,150,172
NET ASSETS	
Invested in Capital Assets	8,768,661
Unrestricted	13,461,197
Total Net Assets	\$ 22,229,858

Notes to the Financial Statements are an integral part of this statement



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Activities
For the Year Ended September 30, 2009

	Governmental Activities
Expenses:	
Contracted Programs:	
Contract/Direct Services	\$ 57,163,373
Contract Administration	3,187,482
	60,350,855
General Administration:	
Personal Services	1,477,411
Materials and Services	843,657
Community Redevelopment and Tax Collector Fees	1,818,312
	4,139,380
Total Expenses	64,490,235
Program Revenue:	
Grant Funding, Restricted	501,488
	63,988,747
General Revenues:	
Property Taxes	59,990,448
Investment Earnings	153,990
Grant Funding, Unrestricted	113,760
Miscellaneous Local	446,771
	60,704,969
Change in Net Assets	(3,283,778)
Net Assets - Beginning of the Year	25,513,636
	\$ 22,229,858

Notes to the Financial Statements are an integral part of this statement

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Balance Sheet - Governmental Funds
September 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Current Assets:			
Cash	\$ 2,701,063	\$ 13,274	\$ 2,714,337
Investments	16,397,462	-	16,397,462
Taxes Receivable	50,292	-	50,292
Accounts and Interest Receivable	7,324	-	7,324
Due From Other Governments	17,269	93,057	110,326
Due From Other Fund	73,547	-	73,547
Prepaid Expenditures	331,036	592	331,628
Total Assets	<u>\$ 19,577,993</u>	<u>\$ 106,923</u>	<u>\$ 19,684,916</u>
LIABILITIES and FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 5,629,818	\$ 33,376	\$ 5,663,194
Due To Other Governments	399	-	399
Deferred Revenue	310	-	310
Due to Other Funds	-	73,547	73,547
Total Liabilities	<u>5,630,527</u>	<u>106,923</u>	<u>5,737,450</u>
Fund Balance:			
Reserved for:			
Reserved for Prepaid Expenditures	331,036	-	331,036
Unreserved/Designated for:			
Designated for Subsequent Year's Budget	4,839,634	-	4,839,634
Designated for Contingency	5,602,551	-	5,602,551
Undesignated Fund Balance	3,174,245	-	3,174,245
Total Fund Balance	<u>13,947,466</u>	<u>-</u>	<u>13,947,466</u>
Total Liabilities and Fund Balance	<u>\$ 19,577,993</u>	<u>\$ 106,923</u>	<u>\$ 19,684,916</u>

Notes to the Financial Statements are an integral part of this statement

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
September 30, 2009

Fund Balance - Total Governmental Funds (page 24) \$ 13,947,466

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Governmental capital assets	\$ 9,859,781	
Less accumulated depreciation	<u>(1,091,120)</u>	8,768,661

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

Total compensated absences		(429,369)
Total OPEB Obligation		(56,900)

Net Assets of Governmental Activities (page 21)		<u><u>\$ 22,229,858</u></u>
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Notes to the Financial Statements are an integral part of this statement

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Revenues, Expenditures and
Changes In Fund Balance - Governmental Funds
For the Year Ended September 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 59,990,448	\$ -	\$ 59,990,448
Grant Funding	113,760	501,488	615,248
Investment Earnings	153,990	-	153,990
Miscellaneous Local	446,771	-	446,771
Total Revenues	<u>60,704,969</u>	<u>501,488</u>	<u>61,206,457</u>
Expenditures:			
Current:			
Contracted Programs:			
Contract/Direct Services	56,613,403	346,565	56,959,968
Monitoring/Outcome Materials	203,405	-	203,405
Total Contracted Programs	<u>56,816,808</u>	<u>346,565</u>	<u>57,163,373</u>
Contract Administration:			
Employee Salaries and Benefits	2,828,488	147,358	2,975,846
Material and Supplies	6,536	47	6,583
Printing and Advertising	1,723	3,291	5,014
Software Maintenance	63,246	-	63,246
Travel and Other Expenditures	25,625	4,227	29,852
Total Contract Administration	<u>2,925,618</u>	<u>154,923</u>	<u>3,080,541</u>
General Administration:			
Employee Salaries and Benefits	1,412,167	-	1,412,167
Legal Fees	25,264	-	25,264
Auditors and Other Consultants	43,750	-	43,750
Materials and Supplies	23,296	-	23,296
Printing and Advertising	8,799	-	8,799
Other General Administration	503,650	-	503,650
Telecommunications	41,933	-	41,933
Travel and Other Expenditures	91,206	-	91,206
Tax Collection Fees	311,560	-	311,560
Community Redevelopment Area Fees	1,506,752	-	1,506,752
Total General Administration	<u>3,968,377</u>	<u>-</u>	<u>3,968,377</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Revenues, Expenditures and
Changes In Fund Balance - Governmental Funds
For the Year Ended September 30, 2009, (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Capital Outlay:			
Computer Hardware/Software	27,073	-	27,073
Furniture/ Equipment	1,244	-	1,244
Remodeling/Renovations	350	-	350
Building Related Expenditures	8,673,862	-	8,673,862
Total Capital Outlay	<u>8,702,529</u>	<u>-</u>	<u>8,702,529</u>
Total Expenditures	<u>72,413,332</u>	<u>501,488</u>	<u>72,914,820</u>
Net Change in Fund Balance	(11,708,363)	-	(11,708,363)
Beginning Fund Balance	<u>25,655,829</u>	<u>-</u>	<u>25,655,829</u>
Ending Fund Balance	<u>\$ 13,947,466</u>	<u>\$ -</u>	<u>\$ 13,947,466</u>

Notes to the Financial Statements are an integral part of this statement

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance
of Governmental Funds to the
Statement of Activities
For the Year Ended September 30, 2009

Net Change in Fund Balance	
Total Governmental Funds (page 27)	\$ (11,708,363)

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

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

Expenditures for capital assets	\$ 8,709,894	
Less current year depreciation	<u>(166,453)</u>	8,543,441

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

Change in long-term compensated absences	(61,956)
Change in OPEB Obligation	(56,900)

Change in Net Assets of Governmental Activities (page 23)	<u><u>\$ (3,283,778)</u></u>
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Notes to the Financial Statements are an integral part of this statement

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

1. DESCRIPTION OF THE CHILDREN'S SERVICES COUNCIL

The Children's Services Council of Broward County ("Council") is a special independent taxing district authorized under Florida Law, Chapter 2000-461, as amended. The law became effective January 2, 2001 and is controlled by a governing board. The eleven Member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and six (6) members appointed by virtue of the office or position they hold within the community. The five Members appointed by the governor have two years remaining of their four year term.

The Children's Services Council is contiguous with Broward County. The Council Members bring to the Council an understanding of policies and programs affecting children, an understanding of the diverse and multi-cultural needs of the Broward community and a firm commitment to improving the welfare of children and their families. The mission of the Council is to provide leadership, advocacy and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning of a continuum of quality care. That mission provides the framework through which the Council's vision will be achieved: "That all children in Broward County will have the opportunity to realize their full potential, their hopes and dreams, supported by a nurturing family and community".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Council follows the standards promulgated by GASB Statement No. 14, the *Financial Reporting Entity*, to define the reporting entity. The financial statements include all operations over which the Council is financially accountable.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

a. Reporting Entity, (Continued)

While the Council provides funding for various agencies, each agency is financially independent. The Council has no authority to appoint or hire management of the agencies nor does it have responsibility for routine operations of the agencies. Based upon application of these factors, the Council has concluded that it has no financial oversight responsibility for the various agencies and therefore, their financial statements are excluded from the reporting entity. The Council has not identified any component units and is not a participant in any joint ventures.

b. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Council. These governmental activities are normally supported by taxes and intergovernmental revenues; however, any interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function 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. The Council uses a General Fund and a Special Revenue Fund to account for certain federal grants.

c. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 in 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

c. Measurement Focus and Basis of Accounting, (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within sixty days of the end of the current fiscal year.

Property taxes and interest on investments are susceptible to accrual. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Thus, accrued property tax and interest have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measured and available when earned.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when a payment is due.

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

d. Major Funds

The Council reports the following governmental funds:

The General Fund is the Council's primary operating fund. It accounts for all financial resources of the Council. Additionally, the Council has a Special Revenue Fund which accounts for two federal grants. One award is from the Department of Health and Human Services-Substance Abuse and Mental Health Services Administration ("SAMHSA") and the other is from the Department of Education-Twenty-First Century Community Learning Centers ("21st CCLC").

e. Budgets and Budgetary Accounting

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

f. Cash and Investments

The Council utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Florida Statutes authorize a variety of investment mechanisms and the Council follows this best practice by diversifying its investments between the Local Government Surplus Funds Trust Fund and Evergreen Investments. The Local Government Surplus Funds Trust Fund is a state pool managed by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. In order to accommodate pool participants with readily available cash, a substantial portion of the portfolio is placed in short-term securities ("Florida PRIME") and with the downgrade of certain subprime investments held by the fund a couple of years ago, a smaller portion of the pool now includes longer maturities and higher credit risk ("Fund B"). According to the SBA, the pool follows GASB Statement No. 31 which outlines two options for accounting and reporting for money market investment pools as either "2a-7 like fund" or fluctuating net asset value ("NAV"). Accordingly, the Council's investment in the Florida PRIME is reported at amortized cost and therefore, the fair value of the position in the pool is equal to the value of the pool shares (constant \$1.00 per share). Fund B does not meet the requirements of a SEC 2a-7 like fund and is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

The Local Government Surplus Funds Trust Fund is governed by the rules of Chapter 19-7 of the Florida Administration code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA.

Evergreen Investment Services Inc. is a wholly owned subsidiary of Wachovia Bank, N.A. registered with the SEC, and is a leading asset management firm serving institutional investors. Much of their portfolio is in 2a-7 like pools, an investment policy that is consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The two Council money market funds are Institutional US Government Money Market and Treasury Money Market funds and are included in this group.

During the year, the Council did not directly invest any resources in derivatives. Investments made through State-administered trust funds include derivatives. These investments are made on a pooled basis and the individual risk to the Council is unknown.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

g. Inventory and Prepaid Items

The Council does not utilize any inventory items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide and fund statements. The Council utilizes the consumption method to account for these costs.

h. Encumbrances

Encumbrances lapse at year-end. Encumbrance accounting is utilized 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 are not yet received.

i. Capital Assets

Capital assets, which include building and related infrastructure, computer hardware/software and furniture and equipment, are reported in the government-wide financial statements. Items purchased or acquired are reported at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated.

Maintenance, repairs and minor renovations are not capitalized. Expenditures that materially increase values or extend useful lives are capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Computer Hardware/Software	3
Furniture and Equipment	5
Building Infrastructure	20
Building	30

Depreciation expense is reflected in the financial statements in accordance with GASB Statement No. 34 requirements for capital assets greater than \$5,000. Thus, contract program related expenditures include depreciation expense, generally an indirect cost, in Contract Administration. For the General Administration category, depreciation expense is included in Materials and Services.

Per Florida State Statutes as well as internal control purposes, assets with a historical cost greater than \$1,000 are tagged and tracked in the fixed asset system.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

j. Compensated Absences

The Council employees are granted a specific number of paid vacation and sick leave days. Employees are permitted to accumulate a maximum of 450 hours (60 days) of vacation as of September 30. Excess time is forfeited if not used by the end of the fiscal year.

Employees can accrue unlimited sick leave, but are only reimbursed for a percentage of unused sick leave upon retirement after at least 5 years of service. The costs of vacation and sick leave benefits (compensated absences) are budgeted and expended in the respective fund when payments are made to employees. In addition, the Council will record expenditures at employment termination in the applicable fiscal year.

The liability for all accrued vacation and vested sick leave benefits is recorded in the government-wide financial statements. Currently, there are no employees that meet the requirements for accrued sick leave payout within one year.

k. Fund Balance

In the fund financial statements, reservations of fund balance are reported to indicate a portion of fund balance is not available for appropriation, or is legally segregated for a specific purpose. Designation of fund balance identifies tentative plans for the future use of financial resources. The undesignated fund balance is available for future appropriation.

l. 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 amount of revenue and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

m. Unearned Revenue / Deferred Revenue

Unearned revenue at the government-wide level arises only when the Council receives resources before it has a legal claim to them. Governmental funds report deferred revenue in connection with resources that have been received, but not yet earned.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. New Accounting Pronouncements

GASB Statement No. 49 - In November 2006, the Governmental Accounting Standards Board ("GASB") issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and clean-ups. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2007. The Council was not affected by this Statement.

GASB Statement No. 50 - In May 2007, GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statement No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits ("OPEB") and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information ("RSI") by pension plans and by employers that provide pension benefits. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2007. The Council was not affected by this Statement.

GASB Statement No. 51 - In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. Examples of intangible assets include easements, water rights, patents, trademarks, and computer software. This Statement requires that all intangible assets not specifically excluded by its scope provision be classified as capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009 and are generally required to be retroactive. The Council is required to implement this Statement in its fiscal year beginning October 1, 2009. The Council is currently analyzing its accounting practices to determine the potential financial impact of this Statement.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. New Accounting Pronouncements, (Continued)

GASB Statement No. 52 - In November 2007, GASB issues Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments, and permanent funds. It requires endowments to report their land and other real estate investments at fair value at the reporting date. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2008. The Council was not affected by this Statement.

GASB Statement No. 53 - In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The Council is required to implement this Statement in its fiscal year beginning October 1, 2009. The Council does not have these financial instruments in its portfolio and thus is not affected by this Statement.

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. New Accounting Pronouncements, (Continued)

GASB Statement No. 55 - In April 2009, GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement incorporates the hierarchy of generally accepted accounting principles ("GAAP") for state and local governments into the GASB's authoritative literature. It is intended to make it easier for preparers of state and local government financial statements to identify and apply the "GAAP hierarchy," which consists of sources of accounting principles used in the preparation of financial statements so that they are presented in conformity with GAAP and in the framework for selecting those principles. The requirements of this Statement are effective upon its issuance.

GASB Statement No. 56 - In April 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This Statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. The requirements of this Statement are effective upon its issuance.

3. DEPOSITS AND INVESTMENTS

Statement of Policy

The purpose of the Council's investment policy is to set forth the investment objectives and parameters for the management of public funds. The policy is designed to ensure prudent management of public funds, the availability of operating funds when needed, and an investment return competitive with market rates.

The Council's policy is written in accordance with Section 218.415, Florida Statutes, which applies to funds under control of local governments and special districts. The policy and any subsequent revisions are approved by the Council Members.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

3. DEPOSITS AND INVESTMENTS, (Continued)

Deposits

Florida statutes authorize the deposit of the Council funds in demand deposits or time deposits of financial institutions approved by the State Treasurer, defined as qualified public depositories. Pursuant to Chapter 280, Florida Statutes, the State Treasurer requires Qualified Public Depositories ("QPD") to deposit with the Treasurer or other banking institution, eligible collateral. In the event of a failure, the remaining public depositories would be responsible for covering any losses. All bank balances of the Council are held in a QPD. As of September 30, 2009, the carrying amount of the Council's deposits was \$2,714,337 with a bank balance of \$4,184,344. The Council's deposits at year end are considered insured and collateralized for custodial credit risk purposes.

Investments

The Council's investment policy allows management to invest funds in investments permitted under Florida Statutes Section 218.415. This statute explicitly allows deposits and investments in QPD's, the SBA, and money market funds which are the only vehicles the Council is currently utilizing.

Cash and investments as of September 30, 2009 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
Cash Deposits	<u>\$ 2,714,337</u>	-	<u>\$ 2,714,337</u>
Investments with the SBA:			
Florida PRIME	7,340,462	33 days	7,340,462
Fund B net of Unrealized Loss	422,414	6.69 years	422,414
Evergreen Investments:			
Treasury Money Market Fund	1,311,883	25 days	1,311,883
Institutional US Government Money Market Fund	<u>7,322,703</u>	27 days	<u>7,322,703</u>
Total Investments	<u>16,397,462</u>		<u>16,397,462</u>
Total Cash and Investments	<u><u>\$ 19,111,799</u></u>		<u><u>\$ 19,111,799</u></u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

3. DEPOSITS AND INVESTMENTS, (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Council's investment policy limits its investments to high quality investments to control credit risk. For liquidity purposes as well as to control risk, all of the Council's operating investments for fiscal year 2009 were invested with the SBA and Evergreen Investment Services Inc. The SBA Florida PRIME investment pool and money market funds held by Evergreen Investment Services, Inc. are AAAM rated by Standard and Poors and investments into these funds are consistent with SEC rule 2a-7. The SBA Fund B is not rated by any nationally recognized statistical rating agency.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Council's investment policy limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Council currently does not have material investment balances with long-term maturities that may be subject to significant fair value losses arising from increasing interest rates.

4. ACCOUNTS AND INTEREST RECEIVABLE

Accounts and Interest Receivable at September 30, 2009 consists of the following:

	General Fund
Interest Receivable	\$ 2,695
Other	4,384
Registration Fees	245
Total Accounts Receivable	<u>\$ 7,324</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2009**

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at September 30, 2009 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 73,547	\$ -
Special Revenue Fund	-	73,547
Total	<u>\$ 73,547</u>	<u>\$ 73,547</u>

The purpose of these transactions is to account for the temporary borrowing between the SAMHSA and 21st CCLC grants in the Special Revenue Fund and the General Fund.

6. PROPERTY TAXES

The Council is permitted by Florida Statutes to levy taxes up to 0.5 mills per \$1,000 of assessed valuation. The rate levied for the Council for fiscal year 2009 was 0.3754 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 Broward County. The adjusted assessed value at July 1, 2009 upon which the fiscal year 2009 levy was based, was approximately \$168 billion.

Recent laws passed by the Florida Legislature to restrict the millage rate increase that governments may levy. Additionally, these new laws allow for additional exemptions, thus reducing the taxable value and the corresponding ad valorem taxes that may be generated. Therefore, in order to generate approximately the same level of tax revenue, the Council's millage rate rose slightly by .0182 mills or 5.1% for fiscal year 2008/09.

A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the Council based on the amount of receipts reported by the County Tax Collector. Property taxes receivable from the tax collector at September 30, 2009 is \$50,292.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2009**

7. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2008	Additions	Deletions	Balance at Sept 30, 2009
Capital Assets:				
Capital Assets Not Depreciated:				
Land	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000
Capital Assets Depreciated:				
Building	-	5,927,955	-	5,927,955
Building Infrastructure	-	196,389	-	196,389
Computer Hardware/Software	1,053,565	72,280	(65,000)	1,060,845
Furniture and Equipment	161,322	13,270	-	174,592
Total Capital Assets	<u>1,214,887</u>	<u>8,709,894</u>	<u>(65,000)</u>	<u>9,859,781</u>
Less Accumulated Depreciation:				
Building	-	16,231	-	16,231
Building Infrastructure	-	818	-	818
Computer Hardware/Software	853,654	132,531	(65,000)	921,185
Furniture and Equipment	136,013	16,873	-	152,886
Total Accumulated Depreciation	<u>989,667</u>	<u>166,453</u>	<u>(65,000)</u>	<u>1,091,120</u>
Capital Assets, Net	<u>\$ 225,220</u>	<u>\$ 8,543,441</u>	<u>\$ -</u>	<u>\$ 8,768,661</u>

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

Contract Administration	\$ 100,815
General Administration	<u>65,638</u>
Total Depreciation Expense	<u>\$ 166,453</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2009**

8. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for fiscal year ended September 30, 2009:

	Beginning Balance Oct 1, 2008	Increases	Decreases	Ending Balance Sept 30, 2009	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 356,593	\$ 236,498	\$ (189,183)	\$ 403,908	\$ 40,391
Sick Leave Accrual	10,820	103,920	(89,279)	25,461	-
OPEB Obligation	-	56,900	-	56,900	-
Total Long Term Liabilities	\$ 367,413	\$ 397,318	\$ (278,462)	\$ 486,269	\$ 40,391

9. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS

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

Plan Description and Funding Policy

Employees who retire from the Council and their dependents are eligible to continue to participate ("single employer plan") in the Council's health insurance, life insurance, and long term care benefits currently offered through the Council at the "blended" employee group rate, which is determined annually by the Council. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date. Life insurance and long-term care benefits are portable and the retiree must pay premiums to the carrier directly. As of September 30, 2009 there are no participating retirees in the group health program.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

9. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS, (Continued)

Plan Description and Funding Policy, (Continued)

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

Funded Status

The funded status of the plan as of September 30, 2009 was as follows:

Development of Annual Required Contribution (ARC)

Actuarial Accrued Liability	\$	214,900
Actuarial Value of Assets	\$	-
Development of ARC*:		
Employer Normal Cost	\$	49,400
Amortization of Accrued Liability		<u>7,500</u>
Total ARC for FY 9/30/09	\$	<u>56,900</u>
Funded ratio		0%
Covered Payroll	\$	3,109,249
Unfunded actuarial accrued liability as a percentage of covered payroll		6.9%

* includes one year of interest

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of event in the future. Amounts determined regarding the status of the plan and the annual required contributions of the Council are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, usually presented as required supplementary information following the notes to the financial statements, highlights multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. Since this is the first year of implementation, no prior year information is available.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2009**

9. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS, (Continued)

Actuarial Methods and Assumptions

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

Measurement Date	October 1, 2008
Actuarial Cost Method	Projected Unit Credit
Amortized Method	Level Percent of Payroll
Amortized Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.00% annual return
Healthcare Cost Trend Assumption	Based on long-term trends generated by the Getzen Model
Payroll Growth	4.0% per year

10. OPERATING LEASES

The Council is committed under various operating leases for the office space and copying equipment. Lease expenditures for office equipment for the year ended September 30, 2009 amounted to approximately \$23,800. The current facility expense for the fiscal year ended September 30, 2009 was approximately \$404,900. The office lease expired November 30, 2009 and the Council moved into their new headquarter facility the end of October 2009. Future minimum lease payments for these leases are approximately as follows:

Fiscal Year Ending September 30,	Minimum Equipment Lease Payment	Minimum Office Lease Payment	Total
2010	\$ 14,700.00	\$ 66,000.00	\$ 80,700.00
2011	2,100	-	2,100
2012	200	-	200
Thereafter	-	-	-
	<u>\$ 17,000</u>	<u>\$ 66,000</u>	<u>\$ 83,000</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2009**

11. GRANT FUNDING

Funding agreements for various grants are entered into on an annual basis. The release of funds is subject to terms and deliverables agreed upon with the grantor agencies. Program expenditures made by the Council are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. As of September 30, 2009 the Council reported \$615,248 in grant funding, including state matching funds amounting to \$55,944 from the State of Florida Department of Children and Families. Reference should be made to the Schedule of Expenditures of Federal Awards on page 82.

Certain funding arrangements require the Council to provide additional services on a specified matching basis. In all such contract arrangements, the Council has met its matching requirements. Matching requirements fulfilled are as follows:

<u>Grantor/Program</u>	<u>Year</u>	<u>Grant Number</u>	<u>Amount</u>
Department of Health and Human Services			
Pass through the Broward County Board of Commissioners - CMHS			
Child Mental Health Service Initiative	2009	06-CSAD-8381-01	\$ 210,880
Department of Education			
Pass through School Board of Broward County, FL			
21st Century Community Learning Centers	2009	---	254,713
			<u>\$ 465,593</u>

12. RETIREMENT PLANS

a. Defined Benefit Plan

Plan Description: The Council contributes to the Florida Retirement System ("FRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida legislature established FRS under Chapter 121, Florida Statutes, and has the sole authority to amend benefits provisions. Each year FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2009

12. RETIREMENT PLANS, (Continued)

Funding Policy: FRS is non-contributory for employees and the Council is required to contribute an actuarially determined rate. At the end of the fiscal year, the rate was 9.85% for regular employees and 13.12% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2009, 2008 and 2007 were \$340,714, \$323,773, and \$300,660 respectively, equal to the required contribution.

b. Defined Contribution Plan

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The Plan is available to all full-time employees and permits them to defer a portion of their salary. Under the provisions of IRC Section 457, all assets and income are managed by a third party administrator with no relationship to the Council. Accordingly, the assets and liabilities of the Plan are not included in the Council's financial statements.

13. INSURANCE ACTIVITIES

The Council is exposed to the various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Council purchases commercial insurance to cover the various risks. Retention of risks is limited to excess of those that are insured, those that are uninsurable, and deductibles ranging generally from \$1,000 to \$2,500 per occurrence. There were no settled claims which exceeded insurance coverage since inception of the Council.

The Council is required by Florida Statute to provide a surety bond in the sum of at least \$1,000 for each \$1 million portion thereof of the Council's budget for the Chair, Vice-Chair, Secretary and President/CEO. This surety bond is included in the insurance coverage purchased through commercial carriers.

14. OTHER COMMITMENTS AND CONTINGENCIES

Council Members approved renewing contracts, as well as designating a portion of fund balance for various programs for the subsequent year in the amount of approximately \$5 million. This amount is appropriated in the fiscal year 2009-2010 budget.



**REQUIRED
SUPPLEMENTARY
INFORMATION**

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
For The Year Ended September 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Ad Valorem Taxes	\$ 59,988,172	\$ 59,988,172	\$ 59,990,448	\$ 2,276
Grant Funding	185,000	185,000	113,760	(71,240)
Investment Earnings	1,000,000	426,615	153,990	(272,625)
Miscellaneous Local	445,000	467,880	446,771	(21,109)
Total Revenues	61,618,172	61,067,667	60,704,969	(362,698)
Expenditures:				
Contracted Programs:				
Contract/Direct Services	60,738,400	60,094,015	56,613,403	3,480,612
Monitoring/Outcome Materials	209,250	209,250	203,405	5,845
Total Contracted Programs	60,947,650	60,303,265	56,816,808	3,486,457
Contract Administration:				
Employee Salaries and Benefits	2,918,910	2,918,910	2,828,488	90,422
Other Consultants	4,000	4,000	-	4,000
Material and Supplies	16,424	14,608	6,536	8,072
Printing and Advertising	3,427	5,910	1,723	4,187
Software Maintenance	60,242	64,246	63,246	1,000
Travel and Other Expenditures	40,198	35,527	25,625	9,902
Total Contract Administration	3,043,201	3,043,201	2,925,618	117,583
General Administration:				
Employee Salaries and Benefits	1,469,595	1,469,595	1,412,167	57,428
Legal Fees	45,000	45,000	25,264	19,736
Auditors and Other Consultants	54,500	55,825	43,750	12,075
Materials and Supplies	46,819	43,319	23,296	20,023
Printing and Advertising	17,000	19,050	8,799	10,251
Other General Administration	533,831	534,880	503,650	31,230
Telecommunications	52,500	52,500	41,933	10,567
Travel and Other Expenditures	126,579	126,467	91,206	35,261
Tax Collection Fees	344,654	344,654	311,560	33,094
Community Redevelopment Area Fees	1,517,392	1,517,392	1,506,752	10,640
Total General Administration	4,207,870	4,208,682	3,968,377	240,305

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
For The Year Ended September 30, 2009, (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Capital Outlay:				
Computer Hardware/Software	150,000	149,711	27,073	122,638
Furniture/ Equipment	1,000	1,289	1,244	45
Remodeling/Renovations	500	500	350	150
Building Related Expenditures	1,352,643	9,595,210	8,673,862	921,348
Total Capital Outlay	<u>1,504,143</u>	<u>9,746,710</u>	<u>8,702,529</u>	<u>1,044,181</u>
Total Expenditures	<u>69,702,864</u>	<u>77,301,858</u>	<u>72,413,332</u>	<u>4,888,526</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,084,692)</u>	<u>\$ (16,234,191)</u>	<u>(11,708,363)</u>	<u>\$ 4,525,828</u>
Beginning Fund Balance			<u>25,655,829</u>	
Ending Fund Balance			<u>\$ 13,947,466</u>	

NOTE: GAAP serves as the budgetary basis.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
For The Year Ended September 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Federal Through State	\$ 105,440	\$ 521,871	\$ 501,488	(20,383)
Total Revenue	105,440	521,871	501,488	(20,383)
Expenditures:				
Contracted Programs:				
Contract/Direct Services	-	350,974	346,565	4,409
Contract Administration:				
Employee Salaries and Benefits	95,331	154,832	147,358	7,474
Material and Supplies	1,538	123	47	76
Printing and Advertising	1,326	3,294	3,291	3
Travel and Other Expenditures	7,245	12,648	4,227	8,421
Total Contract Administration	105,440	170,897	154,923	15,974
Total Expenditures	105,440	521,871	501,488	20,383
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	-	\$ -
Beginning Fund Balance			-	
Ending Fund Balance			\$ -	

NOTE: GAAP serves as the budgetary basis.



STATISTICAL SECTION



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Comprehensive Annual Financial Report
For The Year Ended September 30, 2009**

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 BROWARD COUNTY
Net Assets by Component
Last Eight Fiscal Years
 (accrual basis of accounting)

<u>Governmental Activities</u>			
Fiscal Year	Investment in Capital Assets	Unrestricted	Total primary government net assets
2002	\$ 266,245	\$ 16,507,478	\$ 16,773,723
2003	225,615	17,733,143	17,958,758
2004	315,583	19,110,453	19,426,036
2005	297,277	19,864,141	20,161,418
2006	339,718	22,799,558	23,139,276
2007	307,042	25,943,740	26,250,782
2008	225,220	25,288,416	25,513,636
2009	8,768,661	13,461,197	22,229,858

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Changes in Net Assets

Last Eight Fiscal Years

(accrual basis of accounting)

	Fiscal		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Expenses			
Governmental activities:			
Contracted Programs:			
Contracted Direct Services	\$ 7,741,217	\$ 25,678,518	\$ 33,876,243
Contract Administration	616,105	1,036,741	1,216,230
Total Contracted Program Expenses	<u>8,357,322</u>	<u>26,715,259</u>	<u>35,092,473</u>
General Administration			
Personal Services	719,589	900,264	1,099,004
Materials and Services	713,743	409,273	997,069
Community Redevelopment and Tax Collector Fees	-	670,149	907,649
Total General Administration Expenses	<u>1,433,332</u>	<u>1,979,686</u>	<u>3,003,722</u>
Total primary government expenses	<u>9,790,654</u>	<u>28,694,945</u>	<u>38,096,195</u>
Program Revenues			
Governmental activities:			
Grant Funding, Restricted	2,455,912	464,306	589,892
Total primary government program revenue	<u>2,455,912</u>	<u>464,306</u>	<u>589,892</u>
Net (Expense)/Revenue			
Total primary government net expense	<u>\$ 7,334,742</u>	<u>\$ 28,230,639</u>	<u>\$ 37,506,303</u>
General Revenues & Other Changes in Net Assets			
Governmental activities:			
Property Taxes	\$ 23,925,608	\$ 28,840,883	\$ 38,323,485
Investment Earnings	313,098	431,398	439,573
Grant Funding, Unrestricted	-	-	-
Miscellaneous	112,248	143,393	210,523
Total primary government	<u>\$ 24,350,954</u>	<u>\$ 29,415,674</u>	<u>\$ 38,973,581</u>
Changes in Net Assets			
Total primary government	<u>\$ 17,016,212</u>	<u>\$ 1,185,035</u>	<u>\$ 1,467,278</u>

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

Year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 42,804,585	\$ 47,995,906	\$ 55,166,003	\$ 56,378,547	\$ 57,163,373
1,803,292	2,498,185	2,678,691	3,107,866	3,187,482
<u>44,607,877</u>	<u>50,494,091</u>	<u>57,844,694</u>	<u>59,486,413</u>	<u>60,350,855</u>
1,262,444	1,186,658	1,283,242	1,430,511	1,477,411
879,637	902,565	1,022,516	917,920	843,657
642,575	845,973	1,593,271	1,555,588	1,818,312
<u>2,784,656</u>	<u>2,935,196</u>	<u>3,899,029</u>	<u>3,904,019</u>	<u>4,139,380</u>
<u>47,392,533</u>	<u>53,429,287</u>	<u>61,743,723</u>	<u>63,390,432</u>	<u>64,490,235</u>
665,235	628,192	342,861	939,901	501,488
<u>665,235</u>	<u>628,192</u>	<u>342,861</u>	<u>939,901</u>	<u>501,488</u>
<u>\$ 46,727,298</u>	<u>\$ 52,801,095</u>	<u>\$ 61,400,862</u>	<u>\$ 62,450,531</u>	<u>\$ 63,988,747</u>
\$ 46,299,021	\$ 53,589,647	\$ 61,533,409	\$ 60,092,171	\$ 59,990,448
1,145,141	2,119,135	2,672,542	1,095,569	153,990
-	-	223,277	213,830	113,760
18,518	70,171	83,140	311,815	446,771
<u>\$ 47,462,680</u>	<u>\$ 55,778,953</u>	<u>\$ 64,512,368</u>	<u>\$ 61,713,385</u>	<u>\$ 60,704,969</u>
<u>\$ 735,382</u>	<u>\$ 2,977,858</u>	<u>\$ 3,111,506</u>	<u>\$ (737,146)</u>	<u>\$ (3,283,778)</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Fund Balance, Governmental Funds,
Last Eight Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	<u>General Fund</u>		Total General Fund
	Reserved	Unreserved	
2002	\$ 1,030,136	\$ 13,557,220	\$ 14,587,356
2003	37,505	17,835,062	17,872,567
2004	259,860	19,049,326	19,309,186
2005	64,992	20,079,936	20,144,928
2006	126,932	22,995,179	23,122,111
2007	8,120,402	18,160,095	26,280,497
2008	8,104,426	17,551,403	25,655,829
2009	331,036	13,616,430	13,947,466

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.
The Special Revenue fund balance is zero for all years.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Changes in Fund Balance, Governmental Funds,
Last Eight Fiscal Years

(modified accrual basis of accounting)

	Fiscal		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues			
Taxes	\$ 23,925,608	\$ 28,840,883	\$ 38,323,485
Investment Earnings	313,098	431,398	439,573
Miscellaneous Local	28,135	115,356	113,405
In-Kind Local Match	84,113	50,807	111,683
Grant Funding	455,912	2,464,306	589,892
Total revenues	<u>24,806,866</u>	<u>31,902,750</u>	<u>39,578,038</u>
Expenditures			
Contracted Programs	7,741,217	25,678,518	33,876,243
Contract Administration	522,409	938,475	1,236,521
General Administration	1,164,139	1,945,524	2,599,655
Capital Outlay	474,280	55,022	429,000
Total expenditures	<u>9,902,045</u>	<u>28,617,539</u>	<u>38,141,419</u>
Net change in fund balance	<u>\$ 14,904,821</u>	<u>\$ 3,285,211</u>	<u>\$ 1,436,619</u>

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

Year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 46,299,021	\$ 53,589,647	\$ 61,533,409	\$ 60,092,171	\$ 59,990,448
1,145,141	2,119,135	2,672,542	1,095,569	153,990
18,518	70,171	83,140	311,815	446,771
-	-	-	-	-
665,235	628,192	566,138	1,153,731	615,248
<u>48,127,915</u>	<u>56,407,145</u>	<u>64,855,229</u>	<u>62,653,286</u>	<u>61,206,457</u>
42,804,585	47,907,137	55,166,003	56,378,547	57,163,373
1,723,257	2,549,839	2,676,428	3,071,449	3,080,541
2,599,145	2,761,954	3,723,834	3,792,495	3,968,377
165,186	211,032	130,578	35,463	8,702,529
<u>47,292,173</u>	<u>53,429,962</u>	<u>61,696,843</u>	<u>63,277,954</u>	<u>72,914,820</u>
<u>\$ 835,742</u>	<u>\$ 2,977,183</u>	<u>\$ 3,158,386</u>	<u>\$ (624,668)</u>	<u>\$ (11,708,363)</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Assessed Value and Actual Value of Taxable Property,
Last Eight Fiscal Years

(In thousands of dollars)

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Other (1)
2002	\$ 66,766,083	\$ 14,687,789	\$ 4,692,641	\$ 7,334,222
2003	84,483,132	15,311,316	5,146,783	9,347,071
2004	83,640,748	18,072,551	5,844,902	8,522,724
2005	93,673,843	19,555,418	6,607,839	9,203,728
2006	142,888,132	21,198,170	7,370,441	10,686,687
2007	182,713,021	24,031,519	8,423,168	13,151,614
2008	202,323,501	27,470,156	8,981,128	17,485,296
2009	184,410,028	28,944,454	9,889,097	18,069,720

Source: Broward County Property Appraiser

(1) Agricultural property, vacant property of non-profit agricultural use and miscellaneous

(2) The Council's maximum tax rate is \$.50 per \$1,000 of assessed taxable value.

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

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Council Tax Rate (2)</u>
\$ 22,522,462	\$ 70,958,273	0.3055
28,960,208	85,328,094	0.3316
36,898,837	79,182,088	0.3920
44,300,477	84,740,351	0.4231
56,409,847	125,733,583	0.4231
77,339,278	150,980,044	0.4073
86,567,435	169,692,646	0.3572
79,619,562	161,693,737	0.3754

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Direct and Overlapping Property Tax Rates,
Last Eight Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal Year	Council Basic Direct Rate	Overlapping Rates (a)		
		Broward County	School Board of Broward County	South Florida Water Management District
2002	0.3055	7.4005	8.7541	0.6970
2003	0.3316	7.3650	8.8825	0.6970
2004	0.3920	7.1880	8.4179	0.6970
2005	0.4231	7.0230	8.2695	0.6970
2006	0.4231	6.7830	8.0623	0.6970
2007	0.4073	6.0661	7.8687	0.6970
2008	0.3572	5.2868	7.6484	0.6240
2009	0.3754	5.3145	7.4170	0.6240

Source: Broward County Revenue Collection Division

(a) Includes levies for operating and debt service costs.

Note: The Council's maximum tax rate is \$.50 per \$1,000 of assessed taxable value.

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Principal Property Taxpayers,
Current Year and Seven Years Ago
(Dollars in Thousands)

2002			
Taxpayer	Taxes Levied	Rank	Percent to Aggregate Taxes Levied
Florida Power & Light Company	\$ 28,863	1	1.33%
BellSouth Corporation	18,530	2	0.85%
Sunrise Mills, LTD	7,033	3	0.32%
Diplomat Properties	-	-	-
Motorola Inc	3,873	4	0.18%
WCI Communities Inc	-	-	-
Wheelabrator South Broward, Inc	3,421	5	0.16%
Wal-Mart Stores Inc	-	-	-
Wheelabrator North Broward, Inc	3,266	6	0.15%
AT&T Broadband	2,868	7	0.13%
Northwestern Mutual Life	2,514	8	0.12%
BF Las Olas LLC	-	-	-
Publix Supermarkets, Inc.	-	-	-
Marriott Ownership Resorts Inc	2,406	9	0.11%
Fifth Avenue Partners, LTD	-	-	-
Keystone-Florida Property	2,392	10	0.11%
 Total principal taxpayers	 <u>\$ 75,166</u>		 <u>3.46%</u>

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

Source: Broward County Revenue Collector

2009

<u>Taxes Levied</u>	<u>Rank</u>	<u>Percent to Aggregate Taxes Levied</u>
\$ 32,228	1	0.88%
12,169	2	0.33%
8,159	3	0.22%
6,848	4	0.19%
-	-	-
6,559	5	0.18%
-	-	-
5,526	6	0.15%
-	-	-
-	-	-
3,643	7	0.10%
3,312	8	0.09%
2,644	9	0.07%
-	-	-
2,511	10	0.07%
-	-	-
\$ 83,599		2.29%

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Property Tax Levies and Collections,
Last Eight 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
		Amount	Percentage of Levy	
2002	\$ 25,231,408	\$ 23,925,608	94.8%	\$ 90,744
2003	30,659,841	28,785,876	93.9%	166,785
2004	40,758,917	38,225,214	93.8%	110,511
2005	48,808,266	46,168,199	94.6%	119,101
2006	56,341,477	53,444,968	94.9%	161,376
2007	64,634,697	61,401,903	95.0%	178,546
2008	63,240,600	59,925,176	94.8%	292,968
2009	63,145,444	59,597,697	94.4%	-

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

Source: Property Appraisers Office
The Children's Services Council - Finance Administration

Total Collections to Date

	Amount	Percentage of Levy
\$	24,016,352	95.2%
	28,952,661	94.4%
	38,335,725	94.1%
	46,287,300	94.8%
	53,606,344	95.1%
	61,580,449	95.3%
	60,218,144	95.2%
	59,597,697	94.4%

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Demographic and Economic Statistics
Last Eight Calendar Years

Year	Population (1)	Personal Income (thousands) (2)	Per Capita Personal Income (2)	Median Age (3)
2002	1,669,153	\$ 54,850,632	\$ 32,293	37.9
2003	1,698,425	56,254,396	32,739	37.9
2004	1,723,131	60,331,477	34,680	38.0
2005	1,740,987	66,091,223	37,473	38.1
2006	1,753,162	69,718,514	39,511	39.0
2007	1,765,707	71,994,871	41,169	39.0
2008	1,758,494	N/A	N/A	39.6
2009	1,744,590	N/A	N/A	N/A

Source:

- (1) Florida's Legislature - EDR
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) US Census Bureau
- (4) School Board of Broward County
- (5) U.S. Department of Labor Bureau of Labor Statistics

N/A Not Available

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

**Public School
Enrollment (4)**

260,892
266,272
271,339
272,691
270,935
262,616
258,905
255,738

**Unemployment
Rate (5)**

5.60%
5.30%
4.30%
3.50%
3.20%
3.80%
6.00%
9.80%

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Principal Employers
Current Year and Seven Years Ago

2002			
Employer (1)	Employees (1)	Rank	Percentage of Total County Employment (2)
Broward School Board*	28,203	1	3.3%
Broward County Government*	7,775	2	0.9%
Memorial Healthcare System*	7,700	3	0.9%
N. Broward Hospital District*	6,330	4	0.7%
American Express	6,300	5	0.7%
Aviation Sales Co	3,800	6	0.4%
Motorola	3,000	7	0.3%
Seabulk International, Inc.	2,600	8	0.3%
Holy Cross Hospital	2,500	9	0.3%
City of Fort Lauderdale	2,420	10	0.3%
Total	70,628		8.1%

* Includes both full time and part time employees

Source: The Broward Alliance

(1) The Broward Alliance

(2) Labor Market Statistics, Local Area Unemployment Statistics Program

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

2009

Employer (1)	Employees (1)	Rank	Percentage of Total County Employment (2)
Broward School Board*	27,426	1	3.0%
Broward County Government*	11,096	2	1.2%
Memorial Healthcare System*	10,500	3	1.2%
Broward Health*	8,043	4	0.9%
American Express	4,846	5	0.5%
Nova Southeastern	3,967	6	0.4%
PRC	3,000	7	0.3%
Kaplan Higher Education	2,800	8	0.3%
The Answer Group	2,800	9	0.3%
City of Fort Lauderdale	2,660	10	0.3%
Total	77,138		8.4%

* Includes both full time and part time employees

Source:

- (1) The Broward Alliance
- (2) Labor Market Statistics, Local Area Unemployment Statistics Program

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Full-time Equivalent Employees by Function
Last Eight Fiscal Years

Full-time Equivalent Employees as of September 30	Contract Administration	General Administration	Grand Total
2002	13	9	22
2003	16	9	25
2004	25	13	38
2005	31	13	44
2006	34	14	48
2007	37	15	52
2008	38	15	53
2009	38	15	53

Note: The Children's Services Council first full year of operation was Fiscal Year 2002

Source: Children's Services Council, Finance Administration

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Operating Indicators
Last Eight Fiscal Years

Utilization

Contract/Direct Services	Amount Under Contract (a)	Actual Expenditures (b)	Under-utilized (c)	Unallocated (d)
<u>Fiscal Year</u>				
2002	56%	40%	16%	44%
2003	85%	72%	13%	15%
2004	94%	82%	12%	7%
2005	98%	83%	15%	2%
2006	99%	84%	15%	1%
2007	99%	90%	9%	1%
2008	95%	89%	6%	5%
2009	99%	94%	5%	1%

- (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.
- (d) Percentage of contract/direct services budget not allocated/contracted.

General Fund Total Expenditures as a percentage of revenues

<u>Fiscal Year</u>	<u>Budget (e)</u>	<u>Actual (f)</u>
2002	96%	40%
2003	128%	90%
2004	121%	96%
2005	121%	98%
2006	114%	95%
2007	109%	95%
2008	111%	101%
2009	127%	119%

Budget (e)
 Actual (f)

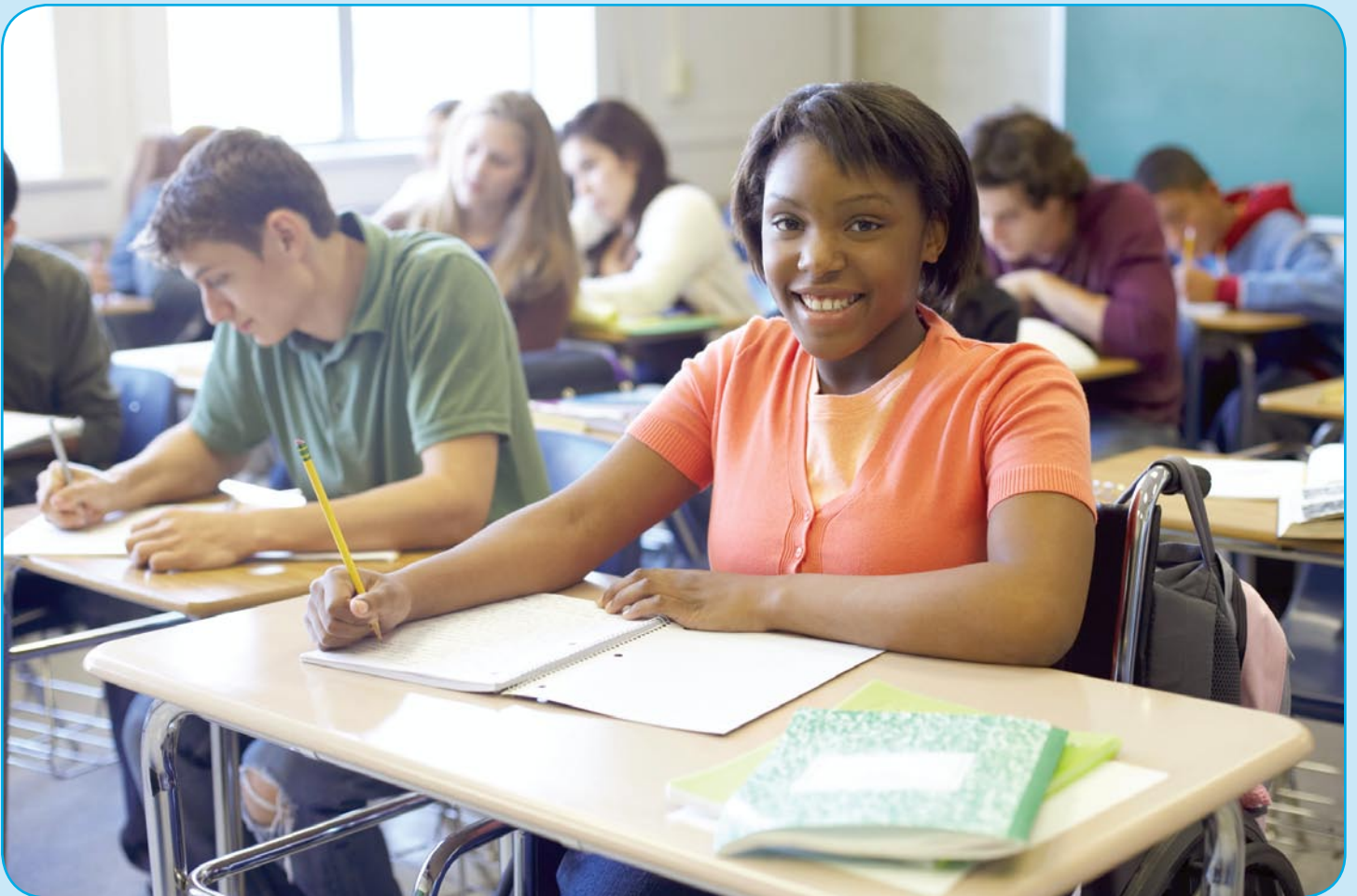
- (e) Budgeted expenditures as a percent of budgeted revenue
- (f) Actual expenditures as a percent of actual revenue

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

Source: The Children's Services Council - Finance Administration



INTERNAL CONTROL & COMPLIANCE SECTION





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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Members of the Council
Children's Services Council of Broward County
Lauderhill, Florida

We have audited the financial statements of the governmental activities and each major fund of the Children's Services Council of Broward County (the "Council") as of and for the year ended September 30, 2009, which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

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

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

Compliance and Other Matters

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

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


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 18, 2010



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Members of the Council
Children's Services Council of Broward County,
Lauderhill, Florida

We have audited the compliance of the Children's Services Council of Broward County ("the Council"), with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major Federal program for the year ended September 30, 2009. The Council's major Federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major Federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with those requirements.

In our opinion, the Council, complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended September 30, 2009.

Internal Control Over Compliance

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


Children's Services Council of Broward County

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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


KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 18, 2010

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2009

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Children's Services Council of Broward County, Inc.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Children's Services Council of Broward County, Inc. were disclosed during the audit.
4. No material weaknesses relating to the audit of the major Federal program are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major Federal program for Children's Services Council of Broward County, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major Federal program for Children's Services Council of Broward County, Inc. reported in Part C of this schedule.
7. The program tested as major program is as follows:

United States Department of Education, Twenty-First Century Community
Learning Centers, CFDA #84.287
8. The threshold for distinguishing Types A and B programs was \$ 300,000.
9. Children's Services Council of Broward County, Inc. did not qualify as a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

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

NONE

D. OTHER ISSUES

1. A separate management letter was issued to report that all prior year comments and recommendations have been implemented or are no longer relevant to the Council and that our current year audit noted no comments and recommendations.
2. No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal programs.
3. No corrective action plan is required because there were no findings reported under OMB Circular A-133.

Children's Services Council of Broward County
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Federal Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Awards				
Indirect Programs:				
<u>Department of Education</u>				
Passed Through the School Board of Broward County, Florida - 21st CCLC Grant Funding	* 84.287	---	\$ 403,234	\$ 346,565
<u>Department of Health and Human Services</u>				
Passed Through Broward County Board of County Commissioners - CMHS Child Mental Health Service Initiative	93.104	06-CSAD-8381-01	98,254	-
Passed Through State of Florida Department of Children and Families - Title IV-E Grant	93.658	---	28,138	-
	93.659	---	27,806	-
Passed Through Department of Health and Human Services Medicaid Assistance Program	93.778	---	1,871	-
Total Federal Awards			<u>\$ 559,303</u>	<u>\$ 346,565</u>

* Denotes a major program

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



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INDEPENDENT AUDITORS' REPORT TO COUNCIL MANAGEMENT

To the Honorable Members of the Council
Children's Services Council of Broward County
Lauderhill, Florida

We have audited the financial statements of the Children's Services Council of Broward County (the "Council"), as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated February 18, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters; Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 18, 2010, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. All findings or recommendations made in the preceding annual financial audit report were implemented or are no longer relevant to the Council.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Children's Services Council of Broward County complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Children's Services Council of Broward County

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

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

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Children's Services Council of Broward County is an independent special taxing district authorized under the Laws of Florida Chapter 2000-461 and incorporated on January 2, 2001. The Council does not have any component units.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Council did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Council for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Council's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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


KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 18, 2010



Children's Services Council

of Broward County

Our Focus is Our Children.

MISSION

To provide the leadership, advocacy and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning and funding of a continuum of quality care.

VISION

The children of Broward County shall have the opportunity to realize their full potential, their hopes and their dreams, supported by a nurturing family and community.



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