



BY THE PEOPLE, FOR THE CHILDREN

... together, we're paving the way for a brighter future



**Comprehensive Annual
Financial Report
For Fiscal Year Ending
SEPTEMBER 30, 2010**

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

COUNCIL MEMBER COMMENTS



Ana Valladares, Council Chair

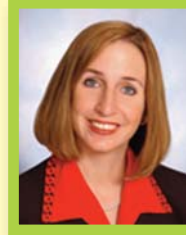
Governor Appointee

Enhancing our children's ability to succeed, to provide for their safety and education, keeping them safe from risky behaviors and violence is the best possible way to ensure a happier future for them and for all.



James Notter

Superintendent, Broward County Schools
Partnering with the CSC gives the School Board the ability to reach students and families that might otherwise fall through the cracks.



Robin Bartleman

School Board of Broward County
The School Board and the Children's Services Council share a commitment to the children and families of Broward to provide the best possible environment for all children to succeed.



Sue Gunzburger

Broward County Mayor
At a time when transparency and accountability are essential in regaining the public's trust in government, I am pleased that the Children's Services Council consistently delivers on its good governance and its insistence on outcomes from funded agencies.



Judge Martin R. Dishowitz

Juvenile Division Judicial Member
The Children's Services Council is a key partner in helping prevent the abuse, neglect and abandonment of Broward's children. Our Family Strengthening programs keep families together and improve parenting skills. This has resulted in a dramatic decrease in the number of children in our dependency court system.



Emilio Benitez

Governor Appointee
As an advocate for children's issues for over a decade and as President/CEO of ChildNet, I am constantly reminded of the importance of the Children's Services Council role of ensuring that the interests of children and youth, especially the most vulnerable, are always safeguarded.



Terry Santini

Governor Appointee
As a member of the Children's Services Council and as Chair of its Finance Committee, I can truly appreciate the CSC's ability to maximize results, even as revenues decline. This benefits the children and families of Broward at a time when they most need it.



Nancy L. Merolla

Circuit 17 Administrator,
Department of Children and Families
I am proud to be a member of the Council which allows me the opportunity to work closely with our community and our providers. The partnerships and collaboration created continue to fund the most outstanding programs and services for our children and their families.



Dr. Paula Thaqi

Director, Broward County Health Dept.
The CSC continues to address important public health issues like access to healthcare through the KidCare Outreach program and unintentional injury through the Drowning Prevention program. The focus on evidence based interventions and outcomes allows us to utilize limited resources in the most effective and efficient way.



Mariza Cobb

Governor Appointee
I have come to appreciate the pivotal role we play in improving the lives of all children. I am particularly proud of the accomplishments we have made to strengthen and expand inclusion and support programs which empower our children with special needs and their families.



Samuel Morrison

Governor Appointee
The Children's Services Council continues to provide essential leadership in fostering capacity building and providing state of the art tools so child serving agencies can deliver on their mission efficiently and cost-effectively.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Children's Services Council of Broward County, Florida

for the

Fiscal Year Ended September 30, 2010



Issued By:

Cindy J. Arenberg Seltzer, President/CEO

Prepared By:

Financial Management:

Monti Larsen, Chief Operating Officer

Michael D. Preslo, Director of Finance



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Comprehensive Annual Financial Report
For The Year Ended September 30, 2010**

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INTERNAL CONTROL AND COMPLIANCE SECTION

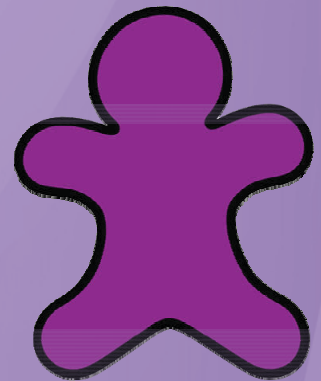
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INTRODUCTORY SECTION



Children's Services Council
of Broward County
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
Commissioner, Broward Co.*

*Robin Bartleman
Board Member
Broward Co. Public Schools*

*Judge Martin R. Dishowitz
Judicial Member*

*Nancy L. Merolla
Circuit 17 Administrator
Dept. of Children & Families*

*Samuel F. Morrison
Governor Appointee*

*James F. Notter
Superintendent
Broward Co. Public Schools*

*Terry Santini
Governor Appointee*

*Dr. Paula Thaqi
Director
Broward Co. Health Dept.*

STAFF

*Cindy J. Arenberg Seltzer
President/CEO*

LEGAL COUNSEL

John Milledge

February 17, 2011

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, 2010. 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, 2010 are free of material misstatement. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall 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, 2010, 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. Council membership was quite stable this past year without any new Council Members being added. However, that will change next fiscal year with the election of a new governor and all five gubernatorial appointees' terms ending. 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 ninth 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, advocacy and resources 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 system improvements. 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. This year the Council embraced Results Based Accountability ("RBA") to improve collaboration and transparency in reporting results to the community.

Notable Council accomplishments include co-convening an Anti-Youth Violence Summit with the County that brought together over 200 funders, elected officials and other key stakeholders; hosting of a series of trainings for community leaders and stakeholders in RBA, a process to align community strategic planning with performance outcomes that has also been adopted by the Florida Children's Cabinet and other statewide CSC's; and leading the on-going efforts of 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 continually enhances its technology to improve systematically tracking various data elements. This information enables reporting of performance-based outcomes and community impact of the funded programs. A web-enabled database maintains provider and client data and accounts for the reimbursement of expenditures by unit of service. Additionally, the Council continues to collaborate 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 effectiveness. 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. To illustrate, staff presented original research data on the Council's Family Strengthening programs and cultural diversity at the American Psychological Association national conference in San Diego.

Accountability to the taxpayer, as well as to the children and families that are served, remains a high priority of the Council. All funded programs are monitored using a dual approach: program experts such as staff with advanced degrees, off-duty teachers and doctoral students, review the quality of the services delivered; and accountants monitor the administrative/financial functions. This dual methodology has been very successful; ensuring accountability while providing useful information that 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, 2009. At that retreat they reviewed 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 downturn began with the

housing crisis, it has spread throughout the economy and resulted in a substantial increase in demand for social needs throughout the community.

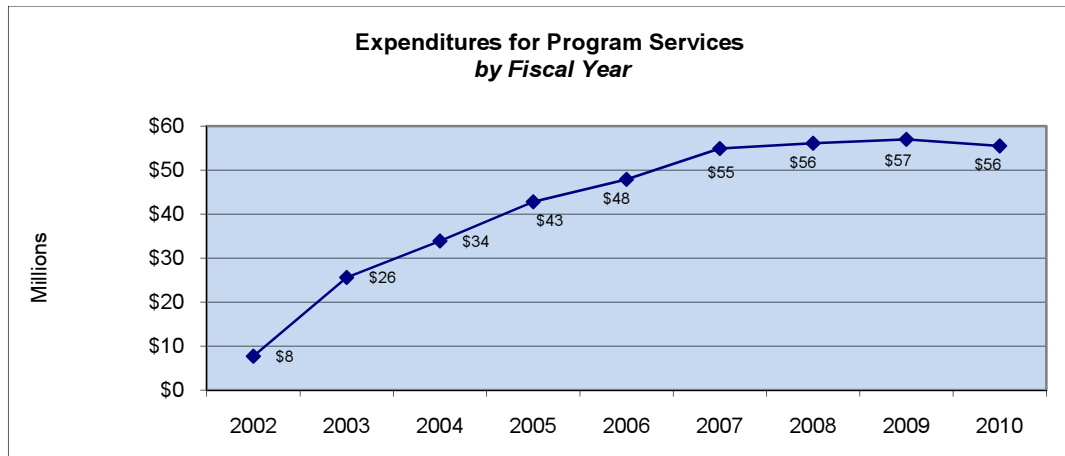
Other repercussions of the economic slump are apparent by the reduced rate in local population growth. For many years, the local economy was shaped on large numbers of in-migrants that fueled the rapid population growth. However, exceptionally high housing costs, coupled with diminishing job opportunities, reduced in-migration and population growth to its lowest level in sixty years. One demographic that has slightly rebounded is the number of children ages birth to 17, which slightly increased by 2,889 or 0.7% from 2008 to 2009 after several years of decline. Homeless households with children dramatically increased by 54% from 2009 to 2010 due, at least in part, to the large influx of families fleeing the devastation of the earthquake in Haiti in January 2010.

Broward County has been very fortunate and not suffered a direct impact from a hurricane in the past five 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 11 million visitors spending more than \$8.7 billion in the County in 2009/10. 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 is the fifth fastest growing large hub airport in the nation while being ranked 22nd in overall total passengers. The airport welcomed two new airlines this past year offering service nationally as well as internationally. It is one of the largest employers in the County with over 8,900 employees on-site. Finally, with the introduction of the world's two largest cruise ships last year, Port Everglades broke its own world record on January 3, 2009 when 49,234 cruise passengers sailed in and out in a single day. The new cruise terminal converted existing warehouse space to accommodate the new larger ships. And the building continues with the groundbreaking for a new 41-acre cargo terminal to be completed this year. The seaport generates \$18 billion in business activity annually and provides 185,000 jobs statewide.

Over the past few years, the Florida Legislature has taken multiple legislative actions to stem rising property taxes such as allowing 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, the low interest rates coupled with decreased investment balances resulted in a dramatic loss of interest earnings that will not be recouped. These revenue limitations, together 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. While expenditures for

Program Services decreased this past year, the provider agencies have been able to improve their utilization and spend more of their budget. The Council’s services for children and their families continues to provide a great community benefit while also providing an economic gain to the local economy by funding just under 2,800 full time equivalent positions in the social services area. The chart below illustrates expenditures for Program Services since CSC’s inception.



Major Initiatives

The Council had a very busy and productive ninth 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 ninth year programmatic initiatives include:

- ◆ The Council began this fiscal year by moving into its newly constructed “green” headquarters building. 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. The anticipated energy savings from the efficient building resulted in notably lower operating costs; saving the Council over \$166,000 in net operating costs which were redirected towards children’s programs and services.
- ◆ The new building surpassed expectations serving as a community meeting and training venue with over 280 events hosted; including an H1N1 immunization site at the height of this health crisis within weeks of moving in.
- ◆ In January, 2010 Haiti suffered a devastating earthquake that had far reaching implications here in our County since Broward is home to the second largest Haitian immigrant community in the U.S. The Council convened a broad spectrum of corporate, non-profit, government and faith-based organizations, forming subcommittees to help address the sudden influx of affected family members. The new building provided a convenient public meeting place for these various subcommittees to help those new immigrants coming to our community.

- ◆ \$6.3 million of Council funding leveraged approximately \$3 million in additional federal/state dollars to provide subsidized child care for approximately 2,300 “working poor” children, historically an underserved population.
- ◆ In partnership with the local School Board, the Council continued its grant from the Florida Department of Education, 21st Century Community Learning Centers (“21st CCLC”) for six afterschool programs at low-performing high schools. In July, the Council assumed the sustainability for four of these original low performing high schools to continue to provide a broad array of enrichment activities that support and complement student’s regular academic programs, along with continued support for transportation and USDA snacks from the school district. Total expenditures for the fiscal year all the 21st CCLC schools was just under \$1 million
- ◆ 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. Over the past eight years, this campaign provided an additional \$140 million that went directly into the pockets of eligible Broward County residents. For fiscal year 2010, the Council spent \$196,500, a slight decrease from the prior year, to promote 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 low income communities, areas with large numbers of non-English speaking residents and residents with physical and developmental disabilities.
- ◆ Partnering with community agencies, the Council embarked in a summer safety campaign promoting drowning prevention, safety in and around cars, safe sleeping practices and immunizations. Community fairs were held and public service announcements blanketed airwaves providing information concerning child safety throughout the County.
- ◆ The Council, in partnership with the 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). 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, was successfully launched to promote and support nurturing child care environments with exciting outcomes.
- ◆ 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.

- ◆ The Council continued its progress for creating a seamless system of care for families with physical and developmental disabilities. The Special Needs Advisory Coalition (“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 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 2010-2011 is \$62.2 million, which includes \$542,157 budget carry forward from the prior fiscal year and \$2.6 million of fund balance. Using \$3.2 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, 2009. This was the eighth 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,

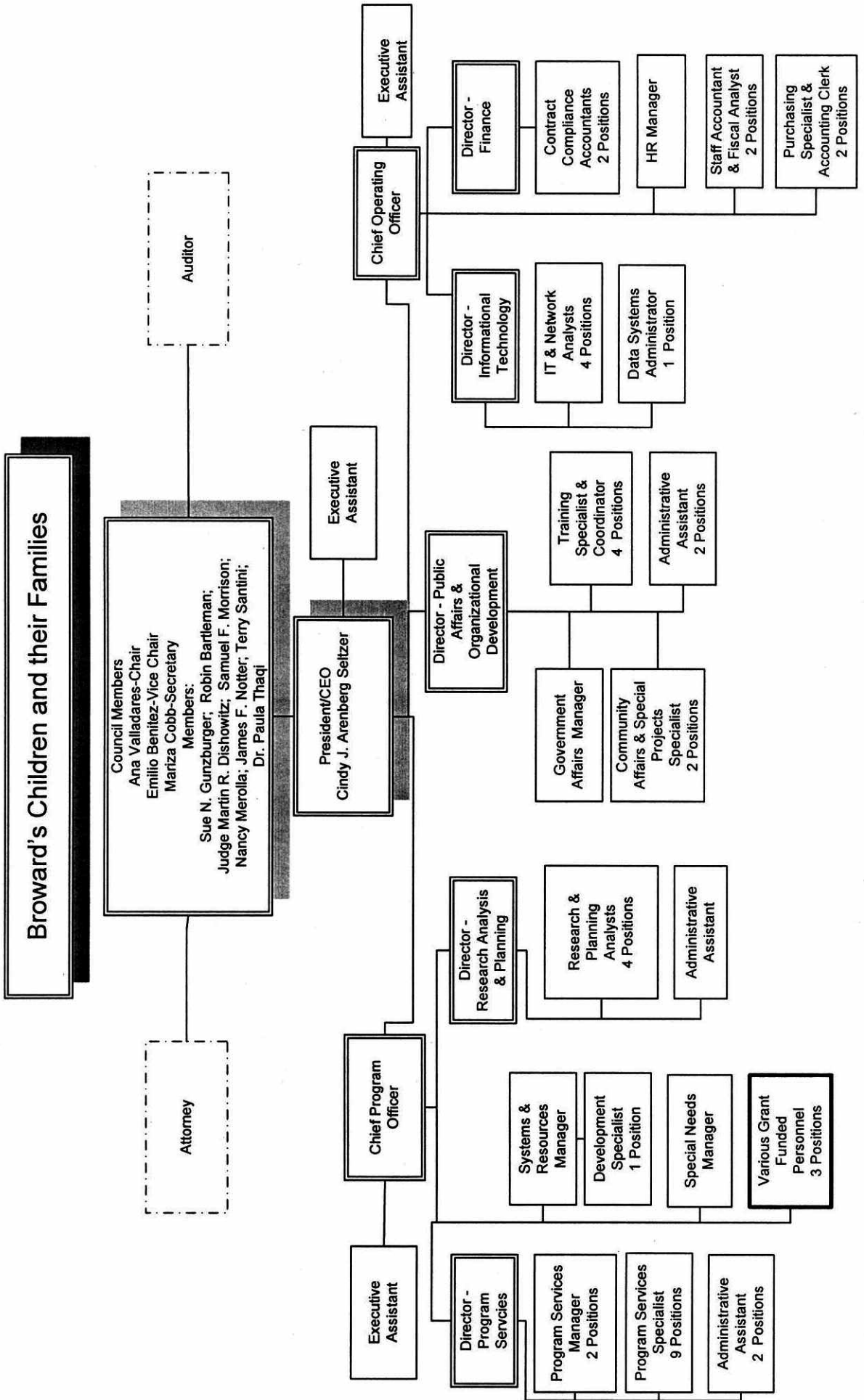

Cindy J. Arenberg Seltzer,
President/CEO


Monti Larsen,
Chief Operating Officer

Children's Services Council of Broward County

Organizational Chart and List of Principal Officials

Fiscal Year 2009-2010





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, 2009

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.

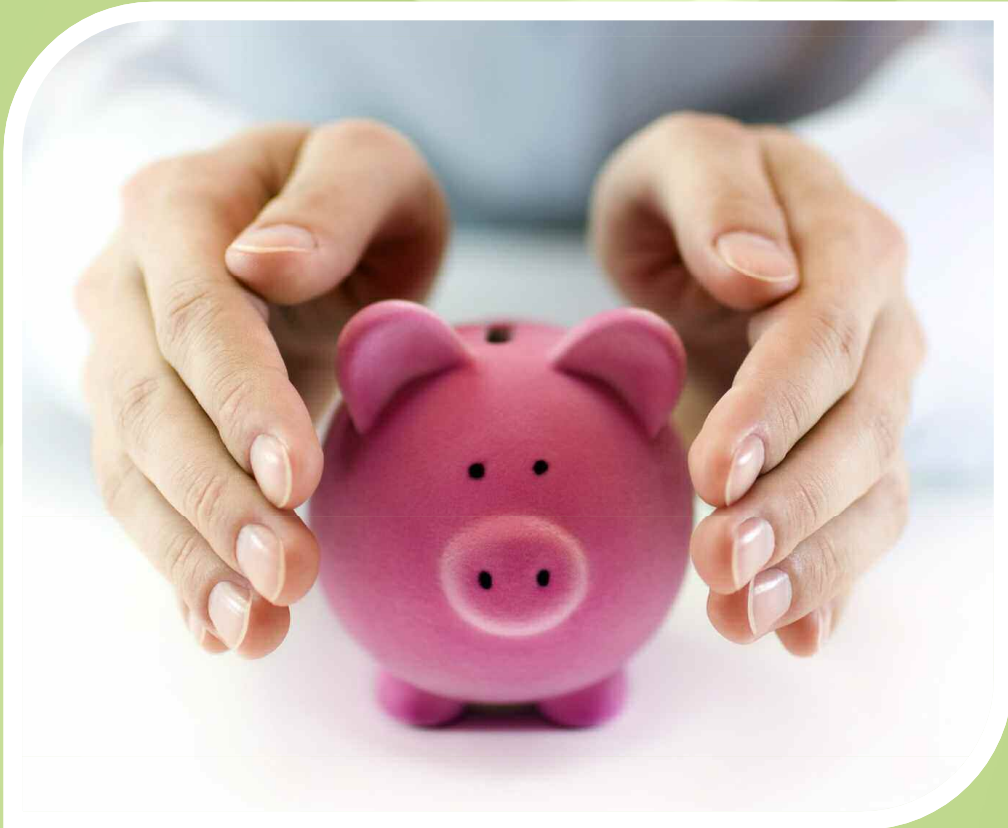


President

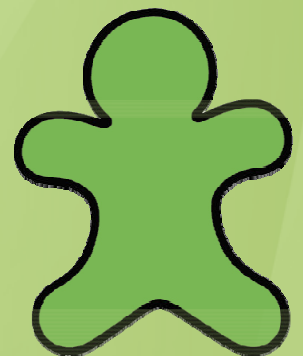
Executive Director



FINANCIAL SECTION



Children's Services Council
of Broward County
Our Focus is Our Children.





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, 2010, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Council, as of September 30, 2010, and the respective changes 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 17, 2011, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress—other post employment benefits on pages 3 through 19 and page 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Children's Services Council of Broward County

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

Keefe, McCullough & Co., LLP

KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 17, 2011

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2010

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, 2010. 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, 2010 concludes the ninth 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. Over 100 programs are delivered by nearly 70 community organizations who share the Council's mission/vision, commitment to children and expectations for excellence.

Net assets decreased from the prior year by \$1.5 million and it is expected that net assets will continue to decrease in subsequent years as the Council appropriates unrestricted dollars to ameliorate declining property values and state property tax reform restrictions on millage rate increases. The following illustrates some of the Council's financial highlights for the year:

- ◆ Levied tax revenue generated through the TRIM process that was virtually the same amount as the prior year. The slight increase of \$103,611 brought total tax revenues to \$60.1 million. Because of substantial property value decreases countywide, the millage rate increase of 13% from .3754 mills to .4243 mills resulted in minimal of additional tax revenue.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$20.7 million (net assets). Of this amount, \$11.7 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 building and on October 23, 2009 staff moved into the new headquarters. 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. Owning and occupying this energy efficient building has lowered leasing and operating costs by \$236,000 which translates into additional dollars

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for children's services. An additional benefit of opening the new building has been the ability to provide much needed community training and meeting space for child advocates and stakeholders. One of the first community uses, just weeks after moving in, was as a site for children and families to receive immunizations from the H1N1 virus.

- ◆ The Council reduced the operating budget 2.64% or \$1.6 million spread proportionately across programs and general administration. The \$1.5 million program budget reductions were strategically applied for minimal harm to children, families and the child serving system. For example, ratios in the out of school programs were increased from 20:1 to 24:1, teacher pay was capped and some reductions of extracurricular and field trips, but the contract number to be served remained stable.
- ◆ The Council also appropriated budget from fund balance and used budget carry-forward to help 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 decreased 8.47%, or \$1.5 million, from the prior year. These programs remain a large commitment, representing 35% 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 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 13,000 economically disadvantaged children and 2,300 children with special needs. Of note is that 88% of children served demonstrated academic improvements in the areas of reading and math.
 - Services targeting mostly high risk middle school students, including youth with behavioral health and other special needs represents over \$4 million or 7% of the overall program budget. These Youth Force programs serve over 1,800 youth at 18 sites throughout the county and have demonstrated quite successful

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outcomes. For example, 99% of youth did not use alcohol or drugs and 100% of youth did not become pregnant or did not cause a pregnancy. This is a challenging population to engage and the Council is excited with these positive results.

- The Council continued an innovative program for high school teens with physical and developmental disabilities to create a continuum of care for this special population. Learning Independence through Focused Transition programs ("LIFT") provide social and job readiness skills for special needs youth not yet ready to enter the workplace. Approximately 300 teens with disabilities participated in these programs which build social skills, daily living skills and provide the chance 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 113 youth with summer employment, supported by on-site professional "job coaches" at 30 worksites countywide. For the majority of youth, it is the first time they experienced the "workplace world" and an opportunity for independence. Many of the youth have been able to successfully transition to a non-supported work environment after completing 1 or 2 summers in the program. Combined, expenditures for these two programs total \$1.5 million or 2.7% of the Program budget.
- The Council worked collaboratively with its funding partners to maximize youth served in the Summer Youth Employment Program. As a result of federal ARRA funds coming into the community during fiscal year 2009 which targeted summer youth employment, the Council rolled over \$500,000 from fiscal year 2009 to the current year which helped to offset necessary budget cuts in 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. The Council's \$1.8 million funds 30 hours of hands-on work per week over an eight week summer period. The enormous demand was reflected by over 4,000 applications for 700 openings with 49 employers at 214 work sites.

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- The Council remains committed to reducing the incidence of child abuse and neglect within the community. Recognizing that bad economic times tend to lead to increases in abuse and neglect, the Council demonstrated their commitment to prevention by increasing the budget for Family Strengthening programs over \$1 million in fiscal year 2010. The \$9.3 million expenditures for Family Strengthening represent 17% of the overall program budget and served over 4,200 at-risk and high-risk families – an increase of almost 1,000 families from the prior year. These critical services are designed to preserve families by providing intensive in-home family therapy, parent training, case management, relative caregiver support 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.
- New Delinquency Alternatives for Youth or “New DAY,” remained level for a total investment of \$2.1 million. Programs served approximately 1,500 youth with less serious law violations diverted from the juvenile justice system by the State Attorney’s Office in fiscal year 2010. Over 89% 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.
- The Council piloted a new program to help child care providers promote positive social and emotional development for young children who are out of control and at risk of being expelled from their childcare setting. Over \$513,000 was expended in this first year to help train 159 teachers and 162 parents at 15 child care centers in Positive Behavior Support (PBS). Over 1,600 children have been positively impacted by this program as the number of children expelled from these centers decrease from 4% to 0%.

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- The Council released four separate Requests for Proposals ("RFP") and one emergency procurement in collaboration with other partnering governmental entities. These RFPs were to continue service initiatives that had exercised final renewal options and provided opportunities to new program elements or evidence-based practices identified through the Council's "lessons learned" approach to continuous quality improvement.

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 – 51) 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 54.

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.

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.

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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 in its ninth 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 use fund balance to help offset declining property values in the County which are the basis for tax revenue. As mentioned under the Financial Highlights section, property values continue to decline as the foreclosure crisis continues to affect the local economy, coupled with additional property tax exemptions and recent legislation that 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 continuing into the next year. Thus, the expected decrease of net assets in the next few years is not necessarily an indication of deteriorating financial health.

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In the Statement of Activities, the Council's expenses are presented in two primary categories: Program Services and General Administration. The Program Services 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"). GASB recently issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* which clarified how governments account for various transactions. The Council implemented these new standards in these financial statements.

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GASB Statement No. 54 established new classifications for fund balances to enhance the usefulness of this information and to make these categories more easily understood. Additionally, all governments are required to present consistent fund balance information which will improve financial reporting. More information on the fund balance categories and the respective amounts can be found in the Notes to the Financial Statements on page 48.

The General Fund is used to account for all financial resources except those required to be reported in another fund. The Special Revenue Fund is used to account for federal grants. Currently the Council has one grant that is 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 54 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 51 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 and the schedule of funding progress – other post employment benefits plan are found on pages 54 to 59 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 ninth year of generating tax revenue, assets exceeded liabilities by \$20.7 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. 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,**

	FY 2010	FY 2009
Current Assets	\$ 18,627,114	\$ 19,611,369
Capital Assets	9,057,982	8,768,661
Total Assets	27,685,096	28,380,030
Current and Other Liabilities	6,440,762	5,704,294
Long-Term Liabilities	512,801	445,878
Total Liabilities	6,953,563	6,150,172
Net Assets:		
Invested in Capital Assets	9,057,982	8,768,661
Unrestricted	11,673,551	13,461,197
Total Net Assets	\$ 20,731,533	\$ 22,229,858

- ◆ The decrease of \$984,000 in current assets from FY 2009 to FY 2010 was primarily due to reduced investments, lower than expected interest earnings and the spending down of cash as budgeted.
- ◆ Investments in capital assets increased by \$289,000 from the prior year. This increase is due to several items including new accounting requirements of capitalizing intangible projects, new building related furniture, fixtures and equipment, and new computer equipment replacing older servers coming off the schedule per their life cycle. The Council implemented GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*, which requires all intangible assets to be classified as capital assets. Thus, staff's development of various e-learning courses was identified as qualifying towards an intangible work in progress asset. It is anticipated that these courses will be completed and released in the subsequent fiscal year and the \$127,683 costs generated thus far will be depreciated as appropriate. Total depreciation expense was \$387,023, of which \$209,215 was building related and \$116,086 was for computer hardware and software. Finally, there is \$83,741 of capital assets that were transferred to the appropriate programs or disposed of to a recycling program.
- ◆ The current and other liabilities category is comprised primarily of accounts payable, which increased \$736,468, and is chiefly due to the timing of provider invoices for September services and accounting for deferred

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revenue from the federal grant. The long-term liabilities category reflects a \$67,000 increase for compensated absences that may be paid in the future and Other Post-Employment Benefits (OPEB) for eligible retirees for health insurance "implicit subsidy" premiums.

- ◆ Unrestricted net assets decreased \$1.8 million from the prior year as explained above. Furthermore, \$542,000 of programmatic and administrative initiatives that began in the current fiscal year will be carried forward into the subsequent fiscal year and an additional \$2.6 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 2010	FY 2009
Revenues:		
Property Taxes	\$ 60,094,059	\$ 59,990,448
Investment Earnings	280,193	153,990
Other	1,557,132	1,062,019
Total Revenues	<u>61,931,384</u>	<u>61,206,457</u>
Expenses:		
Program Services	58,951,356	60,350,855
General Administration	2,668,508	2,321,068
Tax Collector and Community Redevelopment Fees	1,809,845	1,818,312
Total Expenses	<u>63,429,709</u>	<u>64,490,235</u>
Increase (Decrease) in Net Assets	(1,498,325)	(3,283,778)
Net Assets - Beginning of Year	22,229,858	25,513,636
Net Assets - End of Year	<u>\$ 20,731,533</u>	<u>\$ 22,229,858</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2010, property taxes remained relatively flat for a total of \$60 million. Florida has been deeply affected by the mortgage crisis and countywide

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property values decreased dramatically by 10.6% for fiscal year 2010. In order to generate approximately the same amount of property tax revenues from the prior year, the millage rate increased to the "rollback rate" of 0.4243 mills, an increase of 13.03% from the previous year's 0.3754 mills. Although the Council is authorized to levy up to .5 mills, they were quite concerned with the millage rate increase and the effect on taxpayers. The Council continued its use of fund balance in order to not reduce the much needed services to meet the identified needs for Broward County's children and their families in these hard economic times.

- ◆ **Investment earnings** totaled \$280,193 in fiscal year 2010, a small increase from the prior year. However, these higher investment earnings are somewhat misleading and are actually the result of a gradual improvement on investments in Fund B with the Florida Local Government Funds Surplus Trust Fund. This gain in investments for Fund B went from a loss of \$159,174 in fiscal year 2009 to a gain on investments of \$172,495 in fiscal year 2010. Actual interest earnings decreased \$205,000 from the prior year due to lower investment balances and low interest rates. The Council earns interest revenues by placing idle cash with the Florida Local Government Funds Surplus Trust Fund and Wells Fargo Advantage Funds, in accordance with the Council's investment policy.
- ◆ **Other revenue** includes grants, training registration and miscellaneous revenue and for the current year equals \$1,557,132, a significant increase of \$495,113 from the prior year. The increase stems from several different sources as the following highlights. The federal grants represent 41.9% or \$651,736 of Other Revenue and increased significantly by 30% or \$150,248 from the prior year. This is the result of additional schools that were added to the 21st Century Community Learning Centers grant. Another substantial increase within the Other Revenue category includes federal through state reimbursement of \$308,530, up by \$194,770 from the prior year. These increases stem from several different federal/state sources including: \$107,084 from the Federal Title IV-E Foster Care and Adoption Programs through an agreement with State of Florida Department of Children and Families; \$72,920 from Medicaid for resolving billing issues affecting the Council's ability to properly bill for Targeted Case Management services; and finally, \$14,766 in ARRA funds for training parents. Additional Other Revenue sources include \$407,851 from partnerships with local foundations; \$20,884 from training registration fees; and finally, \$168,131 miscellaneous revenues which included a one-time refund of CRA fees.

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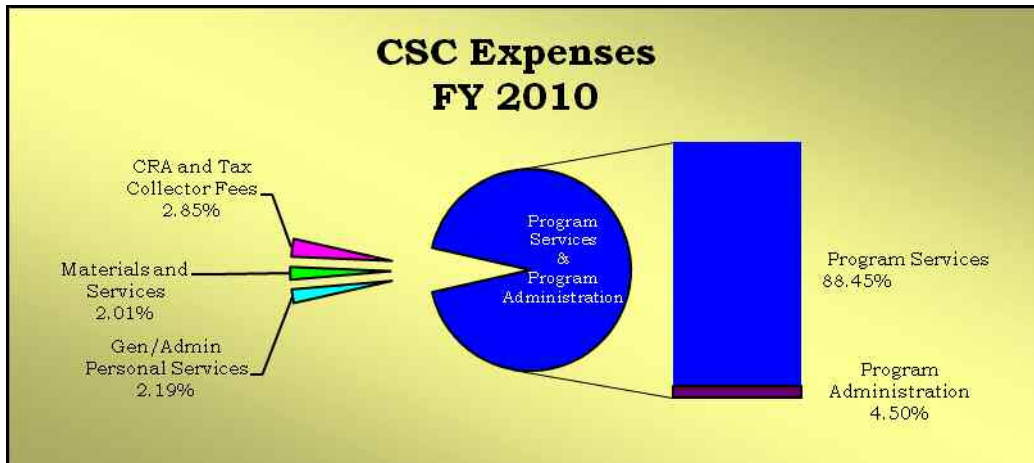
- ◆ **Expenses for Program Services** and related administration totaled \$59 million in fiscal year 2010, a decrease of 2.32% or \$1.4 million from fiscal year 2009. The expense reductions were primarily taken from the out of school time programs for typical children and children with physical, developmental and behavioral special needs. Although the total budget for Program Services decreased \$1.4 million, the funded agencies more fully utilized their contracts (as described on page 16), thus demonstrating greater programmatic reach. As the graph on the following page illustrates, 92.95% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 88.45% are directly contracted to local service providers.
- ◆ **Expenses for General Administration** totaled \$2.7 million in fiscal year 2010, an increase of \$347,440 from fiscal year 2009. This increase is primarily due to increased depreciation expense from the purchase of the new building at the end of last fiscal year. Moreover, general administrative costs only represent 4.21% of the overall expenses, which 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 2.85% of the administrative expense.
- ◆ **Tax Collector and Community Redevelopment fees** for fiscal year 2010 decreased slightly by 1% or \$15,549 for a total of \$1,491,203 due to the declining property values throughout the county. The Tax Collector fees are based on the operating budget of the Property Appraisers Office and are allocated among the taxing districts and increased slightly from the prior year by 2.32% or \$7,082.

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. Generally, property values have declined throughout the county; however, some of the CRA districts have maintained or slightly increased property values. In those districts wherein the Council and the CRA have formed a partnership, over \$1 million or 40% of the total CRA fees were used in programs and services for children in lieu of fees. These successful collaborations between the Council and many of the CRA Districts have been able to place programs and services for children in these targeted communities. Additionally, the Council continues to negotiate with the few remaining CRA's in an ongoing effort to dedicate this funding for children's services in those respective areas.

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The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2010.



Analysis below separately considers the operations of governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its ninth year of operations, the governmental funds (as presented in the balance sheet on page 24) reported a total fund balance of \$12.2 million. The Council implemented the new Governmental Accounting Standards Board ("GASB") Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective this fiscal year. These new standards enhance the usefulness of fund balance information and are fully described in the Notes to the Financial Statements on page 48.

- ◆ **Fund balance** decreased a total of \$1.7 million from the prior year. The primary reason for this decrease was the use of fund balance for expenditures in fiscal year 2009. Additionally, fund balance included \$101,035 Non-Spendable funds for prepaid expenditures.

Given this era of greater need and the limitations on raising property taxes, the Council assigned a portion of fund balance in order to maintain services for children and their families. Accordingly, \$2.6 million is Assigned for Subsequent Year's Budget for fiscal year 2010-11. Additionally, \$542,000 of fund balance is assigned for various purchases in next fiscal year. Within Unassigned Fund Balance, the Council voted to maintain a minimum balance of 8%-10% of budgeted operating expenditures or \$5.8 million 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

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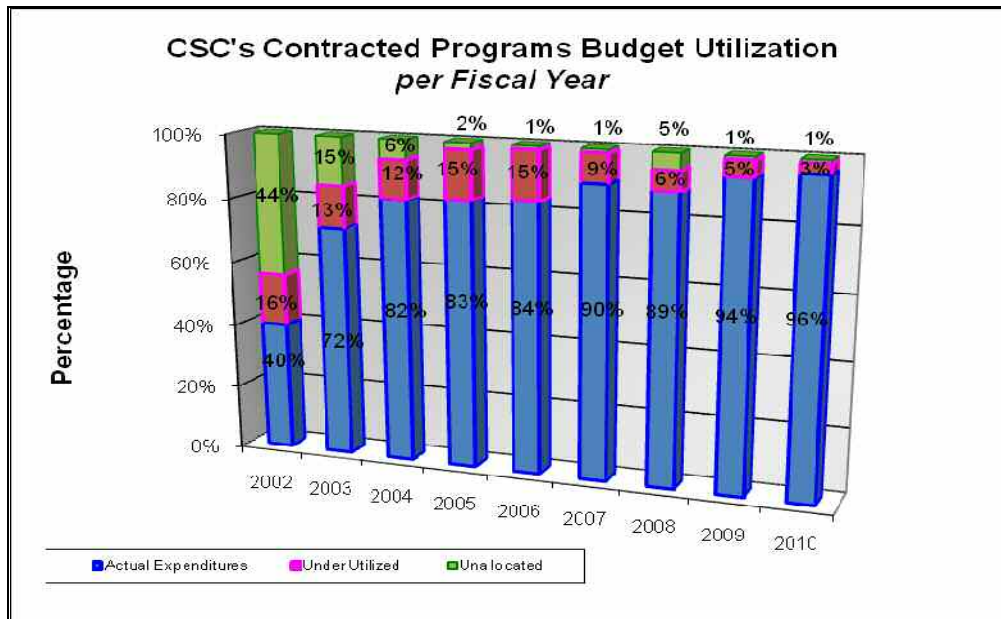
(Revenue Anticipation Notes) or TAN (Tax Anticipation Notes). This minimum amount is based on best practices as outlined by the Government Finance Officers Association (GFOA). This leaves a remaining Unassigned fund balance of \$3.2 million.

- ◆ **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 \$3.2 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$2.4 million) occurred in Program Services reflected in the Council's General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual found on pages 54-55. 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 is 4% or \$1.8 million.
 - The budget for FY 10 included approximately \$571,000 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 budget variance for Program Administration was \$292,924 and was primarily salary/benefit lapse, which is the direct result of administrative efficiencies and scrupulous accountability. General Administration budget variances totaled \$361,114 and was largely due to over estimating the costs related to operating the new facilities. Additionally, there was \$62,731 budget variances related to Capital Outlay mostly due to computer hardware and software purchases not being finalized by fiscal year-end. From these various budget variances, \$302,994 was carried forward to the upcoming fiscal year for necessary operations.

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



Alternatively, resources available for appropriation (revenues) were \$46,372 less than the final budgeted amount. This negative variance was primarily the result of not collecting all of the ad valorem tax revenues.

OTHER ASSETS and OTHER OBLIGATIONS

At the end of fiscal year 2010, the Council had \$10.5 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 14 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.

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ECONOMIC FACTORS, NEXT YEAR'S BUDGET and TAX RATES

The Council Members considered many factors when setting the fiscal-year 2011 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 declining property values and voter concern about property tax rates. 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 12,985 in 2009 to 16,806 in 2010 a 29.4% increase; the second straight year of nearly 30% increases. This extremely high number of foreclosures coupled with the high unemployment has had a wide reaching impact within the local economy. Some indications bear out that 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 2010 increased somewhat to 10.6% up from 10.1% at the same time last year versus 6.1% in September 2008. Further, the local unemployment data is slightly lower than the State's unemployment rate of 11.9% while considerably higher than the national rate of 9.6%. 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.

Adding to the economic uncertainty is the inflation rate increased from -.6% last year to a rate of .5% for the same time period within the greater Fort Lauderdale/Miami region. 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 five years), the high cost of property taxes and insurance, food, energy, etc.

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As a result of the housing woes, inflation and high unemployment, there has been an increased wave of Broward County residents leaving the area and the state while fewer new residents are moving in, thus reducing Broward's population estimate. This current economic environment resulted in an 8% in-migration decline and an 8% out-migration increase during 2005 to 2010 compared to 2000 to 2005. These population changes may affect Broward County and the level of needed services for several years to come.

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 \$2.6 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 0.4696 mills for the upcoming 2010-2011 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, 2010

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 2,598,114
Investments	15,610,872
Taxes Receivable	216,847
Accounts and Interest Receivable	7,981
Due From Other Governments	92,265
Prepaid Expenses	101,035
Total Current Assets	18,627,114
Other Assets:	
Capital Assets, Not Being Depreciated:	
Land	2,500,000
Intangibles - Work In Progress	127,683
Capital Assets, Net of Accumulated Depreciation:	
Building and Related Infrastructure	6,054,921
Computer Hardware/Software	184,014
Furniture and Equipment	191,364
Total Capital Assets, Net	9,057,982
Total Assets	27,685,096
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilites	6,382,941
Due To Other Governments	4,254
Unearned Revenue	12,459
Expected to be paid within one year:	
Compensated Absences	41,108
Total Current Liabilities	6,440,762
Noncurrent Liabilities:	
Expected to be paid after one year:	
Compensated Absences	396,901
OPEB Obligation	115,900
Total Noncurrent Liabilities	512,801
Total Liabilities	6,953,563
NET ASSETS	
Invested in Capital Assets	9,057,982
Unrestricted	11,673,551
Total Net Assets	\$ 20,731,533

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



CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Statement of Activities
For the Year Ended September 30, 2010

	Governmental Activities
Expenses:	
Program Services:	
Program Services	\$ 56,101,645
Program Administration	2,849,711
Total Program Services	58,951,356
General Administration:	
Personal Services	1,391,696
Materials and Services	1,276,812
Community Redevelopment and Tax Collector Fees	1,809,845
Total General Administration	4,478,353
Total Expenses	63,429,709
Program Revenue:	
Grant Funding, Restricted	651,736
Net Program Expense	62,777,973
General Revenues:	
Property Taxes	60,094,059
Investment Earnings	280,193
Grant Funding, Unrestricted	308,530
Miscellaneous Local	596,866
Total General Revenues	61,279,648
Change in Net Assets	(1,498,325)
Net Assets - Beginning of the Year	22,229,858
Net Assets - End of the Year	\$ 20,731,533

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, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Current Assets:			
Cash	\$ 2,593,388	\$ 4,726	\$ 2,598,114
Investments	15,610,872	-	15,610,872
Taxes Receivable	216,847	-	216,847
Accounts and Interest Receivable	7,981	-	7,981
Due From Other Governments	69,022	23,243	92,265
Due From Other Fund	9,451	-	9,451
Prepaid Expenditures	101,035	-	101,035
Total Assets	<u>\$ 18,608,596</u>	<u>\$ 27,969</u>	<u>\$ 18,636,565</u>
LIABILITIES and FUND BALANCE			
Liabilities:			
Accounts Payable and Accrued Liabilites	\$ 6,364,423	\$ 18,518	\$ 6,382,941
Due To Other Governments	4,254	-	4,254
Deferred Revenue	12,459	-	12,459
Due to Other Funds	-	9,451	9,451
Total Liabilities	<u>6,381,136</u>	<u>27,969</u>	<u>6,409,105</u>
Fund Balance:			
Nonspendable Fund Balance	101,035	-	101,035
Assigned Fund Balance	3,153,445	-	3,153,445
Unassigned Fund Balance	8,972,980	-	8,972,980
Total Fund Balance	<u>12,227,460</u>	<u>-</u>	<u>12,227,460</u>
Total Liabilities and Fund Balance	<u>\$ 18,608,596</u>	<u>\$ 27,969</u>	<u>\$ 18,636,565</u>

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

CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
September 30, 2010

Fund Balance - Total Governmental Funds (page 24) \$ 12,227,460

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	\$ 10,459,754	
Less accumulated depreciation	<u>(1,401,772)</u>	9,057,982

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

Total compensated absences		(438,009)
Total OPEB Obligation		(115,900)

Net Assets of Governmental Activities (page 21)		<u><u>\$ 20,731,533</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, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 60,094,059	\$ -	\$ 60,094,059
Grant Funding	308,530	638,742	947,272
Investment Earnings	280,193	-	280,193
Miscellaneous Local	596,866	12,994	609,860
Total Revenues	<u>61,279,648</u>	<u>651,736</u>	<u>61,931,384</u>
Expenditures:			
Current:			
Program Services:			
Program Services	55,472,164	582,369	56,054,533
Monitoring/Outcome Materials	47,112	-	47,112
Total Program Services	<u>55,519,276</u>	<u>582,369</u>	<u>56,101,645</u>
Program Administration:			
Employee Salaries and Benefits	2,747,072	65,058	2,812,130
Other Consultants	6,000	-	6,000
Material and Supplies	11,308	-	11,308
Printing and Advertising	6,575	-	6,575
Software Maintenance	23,335	-	23,335
Travel and Other Expenditures	28,063	4,309	32,372
Total Program Administration	<u>2,822,353</u>	<u>69,367</u>	<u>2,891,720</u>
General Administration:			
Employee Salaries and Benefits	1,386,693	-	1,386,693
Legal Fees	38,786	-	38,786
Auditors and Other Consultants	37,178	-	37,178
Materials and Supplies	31,348	-	31,348
Printing and Advertising	13,365	-	13,365
Other General Administration	424,112	-	424,112
Telecommunications	45,109	-	45,109
Travel and Other Expenditures	103,168	-	103,168
Tax Collection Fees	318,642	-	318,642
Community Redevelopment Area Fees	1,491,203	-	1,491,203
Total General Administration	<u>3,889,604</u>	<u>-</u>	<u>3,889,604</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, 2010, (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Capital Outlay:			
Computer Hardware/Software	120,998	-	120,998
Furniture/ Equipment	467,784	-	467,784
Building Infrastructure	179,639	-	179,639
Total Capital Outlay	<u>768,421</u>	<u>-</u>	<u>768,421</u>
Total Expenditures	<u>62,999,654</u>	<u>651,736</u>	<u>63,651,390</u>
Net Change in Fund Balance	(1,720,006)	-	(1,720,006)
Beginning Fund Balance	<u>13,947,466</u>	<u>-</u>	<u>13,947,466</u>
Ending Fund Balance	<u>\$ 12,227,460</u>	<u>\$ -</u>	<u>\$ 12,227,460</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, 2010

Net Change in Fund Balance	
Total Governmental Funds (page 27)	\$ (1,720,006)

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. This is the amount by which capital outlay exceeded depreciation expense and disposals for the current period.

Expenditures for capital assets	\$ 683,714	
Less net book value of disposed capital assets	(7,370)	
Less current year depreciation	(387,023)	289,321

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	(8,640)
Change in OPEB Obligation	(59,000)

Change in Net Assets of Governmental Activities (page 23)	\$ (1,498,325)
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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, 2010

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 will serve until January 2011, when new appointees will be sworn-in.

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, 2010

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. Fund Balance

Beginning with fiscal year 2010, the Council early implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance classifications to report on the nature and extent to which the Council is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

c. Fund Balance (Continued)

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by formal action of the Council itself, using its highest level of decision making authority (i.e., the Council Members) through Resolution or Issue Paper. To be reported as committed, amounts cannot be used for any other purpose unless the Council Members takes the same highest level action (i.e., Resolution or Issue Paper) to remove or change the constraint.
- *Assigned Fund Balance* – amounts the Council intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Executive Committee or by an official or body which the Council Members delegated the authority at their direction.
- *Unassigned Fund Balance* – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the Council considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Council Members or its delegated official or body has provided otherwise in its commitment or assignment actions.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

c. Fund Balance (Continued)

Minimum Fund Balance Policy

In the General Fund, the Council strives to maintain a minimum unassigned fund balance of 8%-10% of the budgeted operating expenditures. This minimum amount is required to manage cash in-flows and out-flows until tax revenue is received since the Council is prohibited from issuing short-term debt instruments such as RAN (Revenue Anticipation Notes) or TAN (Tax Anticipation Notes).

This policy strives to maintain additional unassigned fund balance liquidity to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures, maintain reserves due to the vulnerability of being located in a hurricane zone, and other unforeseen events. Additional amounts are to be determined each year by the Council during the budget process.

d. 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.

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

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.

e. Major Funds

The Council reports the following governmental funds:

- *General Fund* is the Council's primary operating fund. It accounts for all financial resources of the Council not accounted for in another fund.
- *Special Revenue Fund* accounts for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes. This includes a federal grant from the Department of Education-Twenty-First Century Community Learning Centers ("21st CCLC").

f. 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.

g. 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 Wells Fargo Advantage Funds.

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 includes longer maturities and higher credit risk ("Fund B").

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

g. Cash and Investments, (Continued)

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.

Wells Fargo Funds Management, LLC is a wholly owned subsidiary of Wells Fargo & Company, providing investment advisory and administrative services for *Wells Fargo Advantage Funds*. Much of this 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: 1) US Government Money Market and 2) Treasury Plus Money Market 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.

h. 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

i. Encumbrances

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 lapse at year-end; however, the succeeding year's budget provides for the re-appropriation of certain year-end encumbrances. These "open" encumbrances are included in the Assigned Fund Balance at fiscal year-end in accordance with their spending constraint. Encumbrances do not constitute expenditures or liabilities since goods and services are not yet received.

j. Capital Assets

Capital assets, which include land, intangibles, 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, program related expenditures include depreciation expense in Program 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 capital assets system.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

k. 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 at the fund level.

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 compensated absences payout within one year.

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, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. New Accounting Pronouncements

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 implemented this Statement in this fiscal year.

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 implemented this Statement in this fiscal year.

GASB Statement No. 57 - In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to generally address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2011. Currently, the Council does not participate in an agent multiple-employer other post-employment benefit (OPEB) plan and does not use the alternative measurement method; therefore, as of year-end, the Council is not affected by this statement.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. New Accounting Pronouncements, (Continued)

GASB Statement No. 58 — In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The Council was not affected by this statement.

GASB Statement No. 59 — In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. Currently, the Council is not directly affected by this statement.

GASB Statement No. 60 — In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. Currently, the Council is not directly affected by this statement.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. New Accounting Pronouncements, (Continued)

GASB Statement No. 61 - In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also clarifies the reporting of equity interests in legally separate organizations. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2012. Currently, the Council is not directly affected by this statement.

GASB Statement No. 62 - In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; and 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011. 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, 2010

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, 2010, the carrying amount of the Council's deposits was \$2,598,114 with a bank balance of \$3,228,460. 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, 2010 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
Cash Deposits	\$ 2,598,114	-	\$ 2,598,114
Investments with the SBA:			
Florida PRIME	7,551,476	52 days	7,551,476
Fund B, net of Unrealized Loss	420,708	7.49 years	420,708
Wells Fargo Investments:			
Treasury Plus Money Market Fund	1,312,037	14 days	1,312,037
US Government Money Market Fund	6,326,651	28 days	6,326,651
Total Investments	15,610,872		15,610,872
Total Cash and Investments	\$ 18,208,986		\$ 18,208,986

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2010**

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 2010 were invested with the SBA and Wells Fargo Advantage Funds. The SBA Florida PRIME investment pool and money market funds held by Wells Fargo Advantage Funds 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. RECEIVABLES AND PAYABLES

Accounts and Interest Receivable at September 30, 2010 consists of the following:

	General Fund
Interest Receivable	\$ 2,832
Other	4,869
Registration Fees	280
Total Accounts Receivable	<u>\$ 7,981</u>

Accounts Payable and Accrued Liabilities as of September 30, 2010 consists of the following:

	General Fund	Special Revenue Fund
Funded Providers	\$ 6,262,842	\$ 18,518
Administrative	98,591	-
Professional Services	2,990	-
Total Accounts Payable	<u>\$ 6,364,423</u>	<u>\$ 18,518</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2010**

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at September 30, 2010 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 9,451	\$ -
Special Revenue Fund	<u>-</u>	<u>9,451</u>
Total	<u>\$ 9,451</u>	<u>\$ 9,451</u>

The purpose of these transactions is to account for the temporary borrowing between the 21st CCLC grant 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 2010 was 0.4243 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, 2010 upon which the fiscal year 2010 levy was based, was approximately \$148 billion.

The Florida Legislature has recently passed laws to restrict millage rate increases 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. Based on Florida Legislative requirements, the Council's millage rate rose by 0.0489 mills or 13.03% for fiscal year 2009/10.

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, 2010 is \$216,847.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2010**

7. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2009	Additions	Deletions	Balance at Sept 30, 2010
Capital Assets:				
Capital Assets Not Depreciated:				
Land	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Intangibles-Work in Progress	-	127,683	-	127,683
Capital Assets Depreciated:				
Building	5,927,955	112,191	-	6,040,146
Building Infrastructure	196,389	56,516	-	252,905
Computer Hardware/Software	1,060,845	160,440		1,221,285
Furniture and Equipment	174,592	226,884	(83,741)	317,735
Total Capital Assets	9,859,781	683,714	(83,741)	10,459,754
Less Accumulated Depreciation:				
Building	16,231	209,215	-	225,446
Building Infrastructure	818	11,866	-	12,684
Computer Hardware/Software	921,185	116,086		1,037,271
Furniture and Equipment	152,886	49,856	(76,371)	126,371
Total Accumulated Depreciation	1,091,120	387,023	(76,371)	1,401,772
Capital Assets, Net	\$ 8,768,661	\$ 296,691	\$ (7,370)	\$ 9,057,982

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

Program Administration	\$ 79,819
General Administration	<u>307,204</u>
Total Depreciation Expense	<u>\$ 387,023</u>

Effective October 1, 2009, the Council implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets. The preceding Capital Assets schedule depicts Intangibles-Work in Progress in the amount of \$127,683 which comprises various costs associated with the internal development of software for e-learning courses. Once the development stage is final, these e-learning courses will be available for the child serving community to further their training opportunities.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2010**

7. CAPITAL ASSETS ACTIVITY, (Continued)

The detail expenditures for the intangibles work in progress include:

Employee Salaries and Benefits	\$ 104,637
Software for e-learning project	18,546
Consultant generated course	<u>4,500</u>
Total Intangible Work in Progress	<u>\$ 127,683</u>

8. LONG-TERM LIABILITIES

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

	Beginning Balance Oct 1, 2009	Increases	Decreases	Ending Balance Sept 30, 2010	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 403,908	\$ 236,311	\$ (229,137)	\$ 411,082	\$ 41,108
Sick Leave Accrual	25,461	97,145	(95,679)	26,927	-
OPEB Obligation	<u>56,900</u>	<u>59,000</u>	-	<u>115,900</u>	-
Total Long Term Liabilities	<u>\$ 486,269</u>	<u>\$ 392,456</u>	<u>\$ (324,816)</u>	<u>\$ 553,909</u>	<u>\$ 41,108</u>

For governmental activities, compensated absences and OPEB obligations are generally liquidated by the General Fund.

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 accounting standards for postretirement benefits. The standard does not require funding of OPEB expense, but any difference between the annual required contribution ("ARC") and the amount funded during the year is required to be recorded in the employer's Statement of Net Assets as an increase (or decrease) in the OPEB obligation. Recognition of the liability accumulated for prior years will be phased in over 30 years, commencing with the 2009 liability. The Council obtained an actuarial valuation in accordance with the standards of the Statement.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2010

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

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, 2010 there are no participating retirees in the group health program.

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

Funded Status and Annual OPEB Cost

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

Required Contribution Rates:	
Employer	Pay-as-you-go
Plan Members	N/A
Development of ARC*:	
Employer Normal Cost	\$ 51,200
Amortization of Accrued Liability	7,800
Annual OPEB Cost	<u>59,000</u>
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	59,000
Net OPEB Obligation - Beginning of Year	56,900
Net OPEB Obligation - End of Year	<u><u>\$ 115,900</u></u>

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

Actuarial Accrued Liability	\$ 214,900
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 214,900
Funded Ratio	0%
Covered Payroll	\$ 3,016,237
UAAL as a percentage of covered payroll	7.1%

* includes one year of interest

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2010**

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded 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 required schedule of funding progress (only one year available), presented as Required Supplementary Information, is designed to provide multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. However, the Council has not contributed assets to the plan at this time.

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, Open Period
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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2010**

10. COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Council is committed under various operating leases for office equipment. Lease expenditures for office equipment for the year ended September 30, 2010 amounted to approximately \$19,300. Future minimum lease payments for these leases are approximately as follows:

Fiscal Year Ending September 30,	Minimum Equipment Lease Payment
2011	\$ 21,200
2012	19,500
2013	9,500
Thereafter	-
	<u>\$ 50,200</u>

Encumbrances:

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2010 that will be re-appropriated in the subsequent year are as follows:

Major Fund:

General Fund:

Program Services	\$ 245,807
Program Administration	146,098
General Administration	<u>150,252</u>
Total Encumbrances	<u>\$ 542,157</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2010**

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, 2010 the Council reported \$947,272 in grant funding, including state matching funds amounting to \$109,487 from the State of Florida Department of Children and Families. Reference should be made to the Schedule of Expenditures of Federal Awards on page 90.

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>Match Amount</u>
Department of Education Pass through School Board of Broward County, FL 21st Century Community Learning Centers	2010	----	\$ 295,201

12. FUND BALANCE

As of these financial statements, the Council has adopted GASB No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances (Note 2) are classified as follows:

- *Nonspendable Fund Balance* – amounts that are not in spendable form or are legally or contractually required to be maintained intact. The Council has classified \$101,035 of prepaid items as being Nonspendable as these items are not expected to be converted to cash.
- *Restricted Fund Balance* – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation. The Council does not have any Restricted Fund Balance.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2010

12. FUND BALANCE, (Continued)

- *Committed Fund Balance* – amounts constrained to specific purposes by the formal action of the Council itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Council Members takes the same highest level action (i.e., Resolution or Issue Paper) to remove or change the constraint. The Council does not have any Committed Fund Balance.
- *Assigned Fund Balance* – amounts the Council intends to use for a specific purpose but are neither restricted nor committed. Intent can be expressed by the Council Members or by an official or body to which the Council Members delegates authority. The Council has a total of \$3,153,445 in Assigned Fund Balance which can be further classified in two categories: Assigned for Outstanding Encumbrances in the amount of \$542,157 and Assigned for Subsequent Year's Budget for \$2,611,288. The various encumbrances include \$245,807 for various programmatic uses in the subsequent year, while the remaining \$296,350 of encumbrances is for program and general administration. The second category of Assigned Fund Balance is \$2.6 million for programmatic purposes for use in the subsequent year's budget which will offset the additional ad valorem taxes.
- *Unassigned Fund Balance* – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund. The Council adopted a minimum fund balance policy to be used for unanticipated emergencies of approximately 8% to 10% of the budgeted expenditures. This minimum amount of Unassigned Fund Balance is \$5,805,358. The remaining Unassigned Fund Balance is \$3,167,622.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2010

13. 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 or online at www.myfrs.com.

Funding Policy: FRS is non-contributory for employees and the Council is required to contribute an actuarially determined rate. FRS rates were 9.85% for regular employees and 13.12% for senior management of annual covered payroll for the first nine months of the fiscal year. Effective July 1, 2010, FRS rates increased to 10.77% for regular employees and 14.57% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2010, 2009, and 2008 were \$341,854, \$340,715, and \$323,773, 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.

14. 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2010

14. INSURANCE ACTIVITIES, (Continued)

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.





**REQUIRED
SUPPLEMENTARY
INFORMATION**

CHILDRENS 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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Ad Valorem Taxes	\$ 60,259,066	\$ 60,259,066	\$ 60,094,059	\$ (165,007)
Grant Funding	250,000	295,000	308,530	13,530
Investment Earnings	200,000	100,000	280,193	180,193
Miscellaneous Local	545,000	671,954	596,866	(75,088)
Total Revenues	61,254,066	61,326,020	61,279,648	(46,372)
Expenditures:				
Program Services:				
Program Services	57,826,553	57,898,507	55,472,164	2,426,343
Monitoring/Outcome Materials	70,000	70,000	47,112	22,888
Total Program Services	57,896,553	57,968,507	55,519,276	2,449,231
Program Administration:				
Employee Salaries and Benefits	2,920,963	2,994,356	2,747,072	247,284
Other Consultants	2,500	6,000	6,000	-
Material and Supplies	18,574	13,162	11,308	1,854
Printing and Advertising	4,000	7,622	6,575	1,047
Software Maintenance	56,342	58,132	23,335	34,797
Travel and Other Expenditures	39,505	36,005	28,063	7,942
Total Program Administration	3,041,884	3,115,277	2,822,353	292,924
General Administration:				
Employee Salaries and Benefits	1,542,967	1,469,574	1,386,693	82,881
Legal Fees	35,000	51,219	38,786	12,433
Auditors and Other Consultants	46,000	46,000	37,178	8,822
Materials and Supplies	46,796	46,816	31,348	15,468
Printing and Advertising	25,000	25,000	13,365	11,635
Other General Administration	452,658	553,824	424,112	129,712
Telecommunications	54,000	54,000	45,109	8,891
Travel and Other Expenditures	135,899	155,324	103,168	52,156
Tax Collection Fees	357,758	357,758	318,642	39,116
Community Redevelopment Area Fees	1,512,466	1,491,203	1,491,203	-
Total General Administration	4,208,544	4,250,718	3,889,604	361,114

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, 2010, (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Capital Outlay:				
Computer Hardware/Software	75,000	150,861	120,998	29,863
Furniture/ Equipment	10,000	483,445	467,784	15,661
Remodeling/Renovations	2,500	2,500	-	2,500
Building Related Expenditures	859,219	194,346	179,639	14,707
Total Capital Outlay	<u>946,719</u>	<u>831,152</u>	<u>768,421</u>	<u>62,731</u>
Total Expenditures	<u>66,093,700</u>	<u>66,165,654</u>	<u>62,999,654</u>	<u>3,166,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,839,634)</u>	<u>\$ (4,839,634)</u>	<u>(1,720,006)</u>	<u>\$ 3,119,628</u>
Beginning Fund Balance			<u>13,947,466</u>	
Ending Fund Balance			<u>\$ 12,227,460</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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Local Sources:				
Grant Funding	\$ 673,432	\$ 688,826	\$ 638,742	(50,084)
Miscellaneous Local	-	18,219	12,994	(5,225)
Total Revenue	673,432	707,045	651,736	(55,309)
Expenditures:				
Program Services:				
Program Services	597,034	620,881	582,369	38,512
Program Administration:				
Employee Salaries and Benefits	71,010	80,461	65,058	15,403
Travel and Other Expenditures	5,388	5,703	4,309	1,394
Total Program Administration	76,398	86,164	69,367	16,797
Total Expenditures	673,432	707,045	651,736	55,309
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	-	\$ -
Beginning Fund Balance			-	
Ending Fund Balance			\$ -	

NOTE: GAAP serves as the budgetary basis.



CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Schedule of Funding Progress
Other Post-Employment Benefits Plan

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2008	\$ -	\$ 214,900	\$ 214,900	0%	\$ 3,016,237	7.1%



STATISTICAL SECTION



Children's Services Council
of Broward County
Our Focus is Our Children.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Comprehensive Annual Financial Report For The Year Ended September 30, 2010

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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CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Net Assets by Component
Last Nine 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
2010	9,057,982	11,673,551	20,731,533

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 Nine Fiscal Years

(accrual basis of accounting)

	Fiscal		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Expenses			
Governmental activities:			
Program Services:			
Program Services	\$ 7,741,217	\$ 25,678,518	\$ 33,876,243
Program Administration	616,105	1,036,741	1,216,230
Total Program Services	<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	<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>	<u>2010</u>
\$ 42,804,585	\$ 47,995,906	\$ 55,166,003	\$ 56,378,547	\$ 57,163,373	\$ 56,101,645
1,803,292	2,498,185	2,678,691	3,107,866	3,187,482	2,849,711
<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>	<u>58,951,356</u>
1,262,444	1,186,658	1,283,242	1,430,511	1,477,411	1,391,696
879,637	902,565	1,022,516	917,920	843,657	1,276,812
642,575	845,973	1,593,271	1,555,588	1,818,312	1,809,845
<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>4,478,353</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>	<u>\$ 63,429,709</u>
665,235	628,192	342,861	939,901	501,488	\$ 651,736
<u>665,235</u>	<u>628,192</u>	<u>342,861</u>	<u>939,901</u>	<u>501,488</u>	<u>\$ 651,736</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>	<u>\$ 62,777,973</u>
\$ 46,299,021	\$ 53,589,647	\$ 61,533,409	\$ 60,092,171	\$ 59,990,448	\$ 60,094,059
1,145,141	2,119,135	2,672,542	1,095,569	153,990	280,193
-	-	223,277	213,830	113,760	308,530
18,518	70,171	83,140	311,815	446,771	596,866
<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>\$ 61,279,648</u>
<u>\$ 735,382</u>	<u>\$ 2,977,858</u>	<u>\$ 3,111,506</u>	<u>\$ (737,146)</u>	<u>\$ (3,283,778)</u>	<u>\$ (1,498,325)</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Fund Balance, Governmental Funds,

Last Nine Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	<u>General Fund</u>					
	Reserved	Unreserved	Nonspendable Fund Balance	Assigned Fund Balance	Unassigned Fund Balance	Total General Fund
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
2010*	-	-	101,035	3,153,445	8,972,980	12,227,460

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.

*Prior year amounts have not been restated for the implementation of Statement 54



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Changes in Fund Balance, Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues			
Ad Valorem 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			
Program Services	7,741,217	25,678,518	33,876,243
Program 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>	<u>2010</u>
\$ 46,299,021	\$ 53,589,647	\$ 61,533,409	\$ 60,092,171	\$ 59,990,448	\$ 60,094,059
1,145,141	2,119,135	2,672,542	1,095,569	153,990	280,193
18,518	70,171	83,140	311,815	446,771	609,860
-	-	-	-	-	-
665,235	628,192	566,138	1,153,731	615,248	947,272
<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>	<u>61,931,384</u>
42,804,585	47,907,137	55,166,003	56,378,547	57,163,373	56,101,645
1,723,257	2,549,839	2,676,428	3,071,449	3,080,541	2,891,720
2,599,145	2,761,954	3,723,834	3,792,495	3,968,377	3,889,604
165,186	211,032	130,578	35,463	8,702,529	768,421
<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>63,651,390</u>
<u>\$ 835,742</u>	<u>\$ 2,977,183</u>	<u>\$ 3,158,386</u>	<u>\$ (624,668)</u>	<u>\$ (11,708,363)</u>	<u>\$ (1,720,006)</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Assessed Value and Actual Value of Taxable Property,
Last Nine 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
2010	142,895,279	30,719,663	10,614,387	19,192,359

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.

Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Council Tax Rate (2)
\$ 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
59,262,916	144,158,772	0.4243

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Direct and Overlapping Property Tax Rates,
Last Nine 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
2010	0.4243	5.3889	7.4310	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 Eight 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%
Motorola Inc	3,873	4	0.18%
WCI Communities Inc	-	-	-
Diplomat Properties	-	-	-
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%
City of Fort Lauderdale	-	-	-
Pembroke Lakes Mall LTD	-	-	-
Northwestern Mutual Life	2,514	8	0.12%
Marriott Ownership Resorts Inc	2,406	9	0.11%
Publix Supermarkets, Inc.	-	-	-
Keystone-Florida Property	2,392	10	0.11%
Total principal taxpayers	\$ 75,166		3.46%

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

Source: Broward County Revenue Collector

2010

Taxes Levied	Rank	Percent to Aggregate Taxes Levied
\$ 33,199	1	0.97%
9,656	2	0.28%
8,439	3	0.25%
-	-	0.00%
8,205	4	0.24%
6,281	5	0.18%
-	-	0.00%
5,528	6	0.16%
-	-	0.00%
-	-	0.00%
4,375	7	0.15%
3,333	8	0.10%
3,308	10	0.10%
-	-	0.00%
3,326	9	0.10%
-	-	0.00%
<hr/> <hr/> \$ 85,650		<hr/> <hr/> 2.52%

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Property Tax Levies and Collections,
Last Nine 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%	\$ 91,917
2003	30,659,841	28,785,876	93.9%	169,824
2004	40,758,917	38,225,214	93.8%	116,190
2005	48,808,266	46,168,199	94.6%	128,583
2006	56,341,477	53,444,968	94.9%	193,482
2007	64,634,697	61,401,903	95.0%	222,451
2008	63,240,600	59,925,176	94.8%	328,508
2009	63,145,444	59,597,697	94.4%	556,272
2010	63,430,596	59,406,863	93.7%	-

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
\$	24,017,525	95.2%
	28,955,700	94.4%
	38,341,404	94.1%
	46,296,782	94.9%
	53,638,450	95.2%
	61,624,354	95.3%
	60,253,684	95.3%
	60,153,969	95.3%
	59,406,863	93.7%

CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Demographic and Economic Statistics
Last Nine 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	73,590,969	41,974	39.6
2009	1,744,590	N/A	N/A	38.5
2010	N/A	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)	Unemployment Rate (5)
260,892	5.60%
266,272	5.30%
271,339	4.30%
272,691	3.50%
270,935	3.20%
262,616	3.80%
258,905	6.10%
255,738	10.10%
255,203	10.60%

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Principal Employers
Current Year and Eight 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.

2010

Employer (1)	Employees (1)	Rank	Percentage of Total County Employment (2)
Broward School Board*	27,000	1	3.0%
Broward County Government*	11,282	2	1.3%
Memorial Healthcare System*	10,600	3	1.2%
Broward Health*	8,300	4	0.9%
American Express	4,846	5	0.5%
Nova Southeastern	3,919	6	0.4%
PRC	3,000	7	0.3%
Kaplan Higher Education	3,000	8	0.3%
The Answer Group	2,800	9	0.3%
City of Fort Lauderdale	2,547	10	0.3%
Total	77,294		8.5%

* 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 Nine 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
2010	38	16	54

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 Nine 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	93%	82%	11%	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%
2010	99%	96%	3%	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%
2010	108%	103%

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 CONTROLS & COMPLIANCE SECTION



Children's Services Council
of Broward County
Our Focus is Our Children.





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, 2010, which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Council, the Finance Committee, management, others within the entity, 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
KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 17, 2011



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Children's Services Council of Broward County (the "Council") with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the Council's major federal program for the year ended September 30, 2010. 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 grant agreements 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 on the Council's compliance with those requirements.

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

Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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, others within the entity, 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
KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 17, 2011

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

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Children's Services Council of Broward County.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Children's Services Council of Broward County 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 That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major Federal program for the Children's Services Council of Broward County expresses an unqualified opinion.
6. There are no audit findings relative to the major Federal program for the Children's Services Council of Broward County 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 No. 84.287
8. The threshold for distinguishing Types A and B programs was \$ 300,000.
9. The Children's Services Council of Broward County qualified as a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

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

NONE

D. OTHER ISSUES

1. A separate management letter was not issued since 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, 2010

Federal Agency, Pass-through Entity, Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AGENCY NAME:				
Indirect Programs:				
Department of Education - Passed through the School Board of Broward County, Florida -	*	84.287	\$ 638,742	\$ 582,369
21st CCLC Grant Funding				
Department of Health and Human Services - Passed through the State of Florida Department of Children and Families -				
Title IV-E Grant	93.658	---	84,670	-
	93.659	---	24,817	-
Passed through the State of Florida Department of Health and Human Services -				
Medicaid Assistance Program	93.778	---	74,790	-
Department of Education - Passed through the School Board of Broward County, Florida				
ARRA-Special Education Grants to States, Recovery Act	84.391	---	<u>14,766</u>	<u>-</u>
Total Federal Awards			\$ <u>837,785</u>	\$ <u>582,369</u>

* denotes a major program

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



INDEPENDENT AUDITORS' REPORT TO COUNCIL MANAGEMENT

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

We have audited the basic financial statements of the Children's Services Council of Broward County (the "Council"), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 17, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters; Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 17, 2011, should be considered in conjunction with this management letter.

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Children's Services Council of 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 occurred, or are likely to have occurred, that have an effect on the financial statements that is than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Children's Services Council of 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, 2010, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.

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

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

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 17, 2011



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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