



*Celebrating 10 Years of Investing in Broward's Children*



# **Comprehensive Annual Financial Report For Fiscal Year Ending SEPTEMBER 30, 2011**

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# Council Members



Emilio Benitez  
Governor Appointee



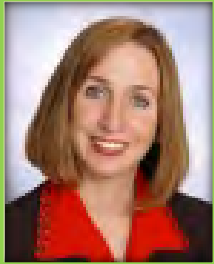
Sue Gunzburger  
Broward County Mayor



Mariza Cobb  
Governor Appointee



Terry Santini  
Governor Appointee



Robin Bartleman  
School Board of Broward  
County  
Vice Chair



Dr. Paula Thaqi  
Director, Broward County  
Health Department  
Chair



Judge Martin R. Dishowitz  
Judicial Member  
Secretary



Kim Gorsuch  
Circuit 17 Administrator,  
Department of Children  
and Families



Ana Valladares  
Governor Appointee  
Immediate Past Chair



James F. Notter  
Superintendent  
Broward County Schools



Samuel F. Morrison  
Governor Appointee

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Children's Services Council Of Broward County, Florida

for the

Fiscal Year Ended September 30, 2011



Issued By:

Cindy J. Arenberg Seltzer, President/CEO

Prepared By:

Financial Management:

Monti Larsen, Chief Operating Officer



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Comprehensive Annual Financial Report**  
**For The Year Ended September 30, 2011**

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# INTRODUCTORY SECTION

10 Years of Transforming Children's Lives



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





**CHILDREN'S  
SERVICES COUNCIL MEMBERS:**

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

*Robin Bartleman, Vice Chair  
Board Member  
Broward County Public Schools*

*Judge Martin R. Dishowitz, Secretary  
Judicial Member*

*Ana M. Valladares, Immed. Past Chair  
Governor Appointee*

*Emilio Benitez  
Governor Appointee*

*Mariza Cobb  
Governor Appointee*

*Kim Gorsuch  
Community Development  
Administrator, Circuit 17  
Department of Children & Families*

*Mayor Sue N. Gunzburger  
Broward County Commission*

*Samuel F. Morrison  
Governor Appointee*

*James F. Notter  
Superintendent  
Broward County Public Schools*

*Terry Santini  
Governor Appointee*

**STAFF**

*Cindy J. Arenberg Seltzer  
President/CEO*

**LEGAL COUNSEL**

*John Milledge*

*Garry Johnson*

February 16, 2012

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, 2011. 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, 2011 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, 2011, 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 fairly stable this past year; the only change

involved the retirement of the Superintendent of Schools and his replacement was hired towards the end of the fiscal year. While a gubernatorial change generally results in a change of Council members usually by the February following an election, the new governor did not change any gubernatorial appointees as of the end of the fiscal year. Council Members are responsible for setting policies and prioritizing and approving program and administrative 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***

CSC is marking the end of its first decade of operations by celebrating 10 years of investing in Broward's children. In this past decade, the Council has developed a robust leadership role within the child serving community and continues to build partnerships and programs that place an emphasis on prevention. Since inception, these efforts have been research-driven with an emphasis on evidence-based practices and performance outcomes. Our motto of "Our Focus is Our Children" guides the work of the Council and is evidenced every day through staff's single focus on providing leadership, advocacy and resources for children and families in need.

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. There are 20 different working committees comprised of representatives from all facets of the Broward community who 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. Last year, the Council embraced Results Based Accountability ("RBA") to improve collaboration and transparency in reporting results to the community. Using this RBA framework, each committee produces a one-page story of the desired result, providing community indicator data, the story behind the trend and why it trends up or down, identifying community partners to help achieve the result, and action steps using evidence based research and local wisdom about what works. Additionally, the committees are sharing their work with a reconstituted Children's Strategic Plan Leadership Coalition comprised of local policy makers and civic leaders to address barriers that impact quality of life issues for Broward's children and families.

The Council continually enhances its technology to improve tracking and analysis of various data elements. This information provides performance-based outcomes and community impact data used to assess the performance of 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 aggregate 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.

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 including staff with advanced degrees and 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 needs of funded 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, 2010. 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 1<sup>st</sup>. 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.

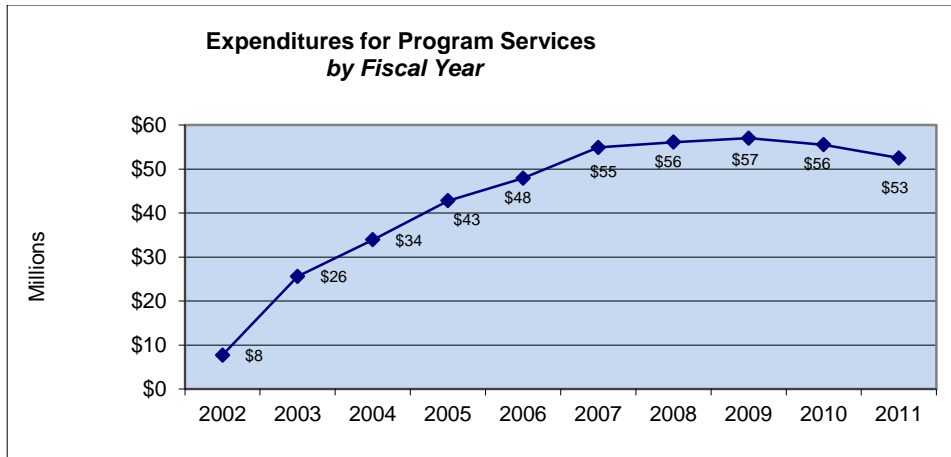
The County has been deeply affected by the continuing economic downturn, which continues to be grimmer in the local community prior than experienced throughout the nation. While the economic downturn began with the housing crisis, it has spread throughout the economy and resulted in a substantial increase in demand for social needs throughout the community.

Broward County has been very fortunate and not suffered a direct impact from a hurricane in the past six 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 a record-breaking 11 million visitors spending more than \$9 billion in the County in 2010/11. Broward's hospitality and tourism industry employs more than 122,413 people in travel related jobs. And for every 85 visitors, one job is created. Various marketing campaigns attract an increasingly diverse mix of domestic and international visitors with the total tourist tax revenues increasing over 11% from the prior year. Additionally, the local airport is the fifth fastest growing large hub airport in the nation and is one of the largest employers in the County with over 44,000 jobs and \$2.6 billion in annual economic activity. More than 22.4 million passengers traveled through the Airport, a 6.4 percent increase from the previous year. Last year, the Airport added 20 new airline markets, including international destinations. Port Everglades, the local seaport, is one of the busiest cruise terminals in the world. Several years ago, the cruise terminal converted existing warehouse space to accommodate the new larger ships and since 2010 the world's largest ship *Allure of the Seas*, along with 4 new larger ships, sail from Port Everglades. Additionally, the Port also welcomed the largest cargo ships in its history. And the building continues under a new plan approved in March 2011 that will guide the Port's development over the next 20 years. The new plan includes three major expansion projects that will help pave the way for when the Panama Canal is enlarged. This fiscal year, the seaport generated \$14 billion in economic activity and supported more than 10,000 direct jobs and 143,000 total 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 factors will bring reduced revenue during the coming years 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 drawdown most 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 2,600 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 tenth year and is looking forward to building upon those successes for the next decade to promote further gains for Broward’s children and families, even with reduced resources. Some significant tenth year programmatic initiatives include:

- ◆ For the first time, emergency contingency funds through TANF stimulus dollars was made available to local taxing districts. In collaboration with the Florida Department of Children and Families (DCF), the Council was able to leverage our current allocation for child abuse prevention programs to draw down over \$2.2 million in federal reimbursement.
- ◆ 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 nine years, this campaign has provided an additional \$153 million that went directly into the pockets of eligible Broward County residents. For fiscal year 2011, the Council spent \$218,000, a slight increase from the prior year, to promote EITC. Over the years, this outreach has expanded to incorporate financial literacy, access to Kid Care (health insurance), WIC and 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.
- ◆ The Council continued its progress for creating a seamless system of care for families with children 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. For the first time a SNAC delegation traveled to the State Capitol during the legislative session to advocate for the Special Needs population.

- ◆ \$5.8 million of Council funding leveraged approximately \$400,000 in additional federal/state dollars to provide subsidized child care for approximately 1,400 “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 (FDOE), 21<sup>st</sup> Century Community Learning Centers (“21<sup>st</sup> CCLC”) for six afterschool programs at low-performing high schools. Last year when FDOE funding sunsetted for sustainability for four of these original low performing high schools, the Council continued 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. The Council is one of only 7 nationwide that was able to sustain these very important programs. Additionally, with School District support, the Council applied directly to FDOE to add 21<sup>st</sup> CCLC programs at 3 more high need high schools. This grant application was approved for FY 2011/12, garnering the highest rating score in the State.
- ◆ Recognizing a need to help students with their school supplies in this stubborn downward economic time, the Council offered a \$30,000 challenge grant to local businesses, organizations and residents to support a Back to School Community Extravaganza. This \$30,000 challenge generated over \$218,000 for a total of nearly \$250,000 which helped over 3,500 students return to school with a new backpack filled with all types of school supplies. Volunteers, staff and CSC-funded youth interns from the STEP program spent hours filling the backpacks which were distributed by School District Social Workers to students identified as living in unstable conditions.
- ◆ 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. Year 2 of the pilot program known as Positive Behavioral Support (“PBS”), a nationally recognized evidence-based approach, was expanded and now supports nurturing child care environments at 30 high need centers 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.

In recognition of our fiduciary responsibility to Broward taxpayers and to ensure funded agencies are well-positioned to meet their service obligations, the Council continues to use a fiscal viability test to verify that agencies have the necessary administrative infrastructure. Provisions for smaller maximum funding awards and Fiscal Agent partnership opportunities help smaller and niche-organizations succeed in receiving

In recognition of our fiduciary responsibility to Broward taxpayers and to ensure funded agencies are well-positioned to meet their service obligations, the Council continues to use a fiscal viability test to verify that agencies have the necessary administrative infrastructure. Provisions for smaller maximum funding awards and Fiscal Agent partnership opportunities help smaller and niche-organizations succeed in receiving Council funding while maintaining high standards for financial and administrative depth.

The Council's budget for fiscal year 2011-2012 is \$61.5 million, which includes \$936,835 budget carry forward from the prior fiscal year and \$3 million of fund balance. Using \$3.9 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***

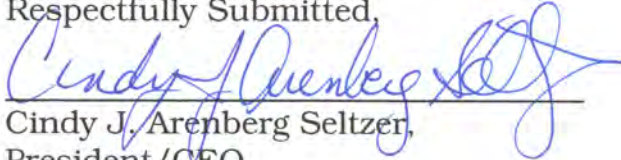
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Children's Services Council of Broward for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the ninth 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,

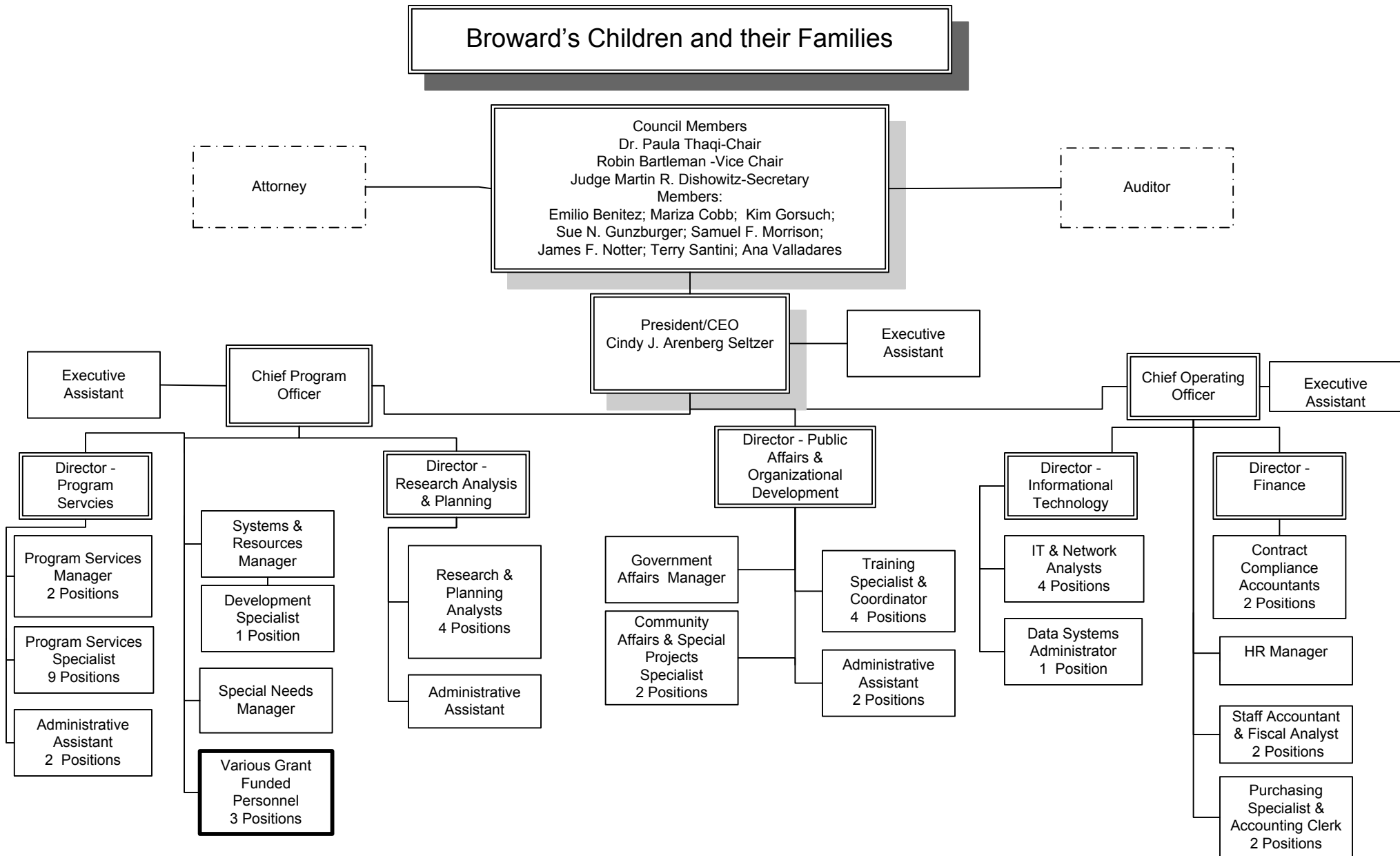
  
Cindy J. Arenberg Seltzer,  
President/CEO

  
Monti Larsen,  
Chief Operating Officer

# *Children's Services Council of Broward County*

## Organizational Chart and List of Principal Officials

### Fiscal Year 2010-2011







# 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, 2010

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.



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director





# FINANCIAL SECTION

10 Years of Transforming Children's Lives



**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, 2011, 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, 2011, 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 16, 2012, 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 22 and page 63, 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 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 them.

*Keefe, McCullough & Co., LLP*

KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
February 16, 2012



# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

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, 2011. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 23.

### **FINANCIAL HIGHLIGHTS**

Fiscal year ending September 30, 2011 marks a milestone in the Council's history for it concludes the tenth year of funding services that support children and families through programs emphasizing prevention. 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 60 community organizations who share the Council's mission/vision, commitment to children and expectations for excellence.

Net assets increased from the prior year by \$1.3 million primarily due to the Council receiving a one-time grant for \$2.2 million from the Department of Children and Families. This grant is further explained below in Other Revenue section. It is expected that net assets will 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 totaling \$57.8 million in tax revenues, which was \$2.3 million less than the prior year. The 3.8% decline resulted in a total reduction of \$2,298,294 in tax revenues. With the continued economic downturn, the Council Members were very concerned about increasing taxes, all while balancing the increasing need for services. Although the final millage rate reflected a 10.68% increase from the prior year of 0.4243 mills to 0.4696 mills, it was 3.75% less than the roll-back rate allowed by statute.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$22 million (net assets). Of this amount, \$13.2 million (unrestricted net assets) may be used to meet the Council's ongoing obligations to Broward's children and their families.

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

- ◆ Comparing Fiscal Year 10 to Fiscal Year 11, the Council reduced the total operating budget by 6% or \$4 million, spread proportionately across programs and general administration. The \$3.2 million program budget reductions were strategically applied for minimal harm to children, families and the child serving system. While all programmatic goal areas were affected by budget reductions, the decreases were achieved through careful analysis of each individual contract to lessen the adverse impact as much as possible. Those goal areas that were most affected by budget reductions for this fiscal year included the Youth Development programs (reduced by 14.5%), Family Strengthening programs (reduced by 8.9%) as well as overall administration (reduced by 8.4%).
- ◆ The Council also appropriated over \$3.1 million of fund balance and budget carry-forward to help offset the decline in tax revenue and to provide much needed programs and services. With the continuing economic decline in property values, the fact remains that the Council has had to cut programs for the past three years. These cumulative effects are reflected in the reduced numbers being served at the same time that the need throughout the community is growing. However, the quality of these evidenced-based programs funded by the Council continues to demonstrate strong performance outcomes for those children that are served in the appropriate “dosages”.

The following highlights key examples of the Council's goals and objectives for various initiatives:

- Out of school programs for elementary age children who are economically disadvantaged and children with special behavioral, physical, or developmental needs decreased for the second straight year. While the 4.33% decrease this past year was smaller than the prior year's reduction of over 7%, the reality is that this goal area has been reduced by just under \$2.4 million over the past three year period. These reductions mostly targeted teacher salaries, the amount of hours taught by a certified teacher and the number of field trips. These after school and summer programs include both low income, typically developing children attending high need Title I schools and children with physical, developmental, sensory or learning disabilities and children with behavioral health conditions that disrupt daily functioning. These programs remain the Council's

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

largest funding commitment, representing 36.6% of the overall program budget. Additionally, these programs are supported by the impressive performance outcomes:

- 87% of students improved their reading skills;
- 85% of students improved their math skills;
- 82% of students improved their social skills; and
- 98% of parents were happy with the homework assistance their child(ren) received!

Services are provided in over 100 school and community-based locations throughout the County, serving over 9,000 children, including 1,400 with special needs.

- Services targeting mostly high risk middle school students, including youth with behavioral health and other special needs represents over \$5.6 million or 10.7% of the overall program budget. In order to sustain a proportionate balance with all age groups, this goal area only decreased slightly by 1.26% or \$71,000 over the past three years. This is a challenging age group to keep engaged and the Youth FORCE programs do an excellent job of creating environments where youth can learn to make positive choices and develop skills that will serve them for life. These programs serve about 1,100 youth at 8 sites throughout the county and have demonstrated quite successful outcomes. For example, 100% of female participants did not become pregnant and the 100% male participants did not cause a pregnancy, 91% reduced risky behaviors and 98% had no new law violations. Needless to say that the Council is excited with these positive results.
- The Council funds several innovative programs that together form a continuum of care for high school teens with physical and developmental disabilities. 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 140 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



# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

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demonstrate those new skills in various work environments. Supported Training and Employment Program ("STEPS") provided 113 youth with summer employment, supported by on-site professional "job coaches" at 28 worksites countywide. For the majority of youth, it is the first time they experienced the "workplace world" and an opportunity for independence. Several 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 2.9% of the Program budget which has remained at level funding over the past three year period.

- With the enduring difficult economic conditions and persistent high unemployment, it is often quite difficult for youth to find summer work opportunities. The Council funds the Summer Youth Employment Program ("SYEP") providing young people 16-18 years old who are economically disadvantaged or aging out of foster care the opportunity to improve their workplace skills with real job experience. The Council's \$1.5 million has increased slightly by 6.77% or \$98,700 over the past three years and provides employment opportunities for 577 low income teens at 214 different job sites. Program enhancements this past year included a streamlined job placement process that considered job preference, proximity to the work site, transportation, work hours and background requirements in the job placement process.
- New Delinquency Alternatives for Youth or "New DAY," programs help young offenders with less serious law violations be diverted from the juvenile justice system and learn a "life lesson" rather than be trapped in the justice system into adulthood. This and other diversion programs total about \$3 million and comprise 5.6% of the overall program budget. These programs have actually increased 5.8% or \$160,700 over the past three years and have shown remarkable performance outcomes. New DAY programs served approximately 1,400 youth in fiscal year 2011. Over 90% of all youth referred by the State Attorney successfully completed all diversion requirements which typically include community service, apology letters and/or restitution to victims, counseling to give

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

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youth a second chance, curfews, etc. Of those youth, 96% have stayed out of trouble with the law for at least one year after program completion, a success rate significantly higher than state and national findings.

- The Council's steadfast commitment to reducing the incidence of child abuse and neglect within the community is supported by their 10 year funding commitment for Family Strengthening programs. In fact, this goal area was the very first Request for Proposal released within just months of the Council's beginning operations. Recognizing that hard economic times may lead to increases in abuse and neglect, Family Strengthening programs comprise 20.56% of the overall program budget for a total commitment of \$8.1 million.

Family Strengthening programs serve at-risk and high-risk families and provide intensive in-home family therapy, parent training, case management, relative caregiver support and other support services to prevent out-of-home placements. 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. Performance measures for these programs continue to demonstrate strong results: 97% of participants demonstrated improved family functioning, 96% of families did not receive a verified abuse report within 6 months of completion, and 76% demonstrated less abusive parenting attitudes and behaviors.

- The Council released three separate Requests for Proposals ("RFP"). 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. The RFP's included: 1) Family Strengthening and Support, Maternal Depression, 2) 21<sup>st</sup> Century Community Learning Centers, and 3) Special Needs Supported Training and Employment Programs (STEP).

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

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### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 25) 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 26. 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 31 – 55) 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 58.

### **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.

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

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

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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 tenth 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 legislation that discourages governmental entities from increasing their millage rates to make up for the revenue loss.

The Council is responding very conservatively and not only did not raise the millage rate beyond the restricted limits, rather the Council set the FY 10/11 millage rate *less than* the allowable "roll-back" rate. The South Florida area has been deeply affected by the real estate slowdown with declining property values and persistently high foreclosure activity for this fiscal year with a very slow, gradual rebound over the next few years. Thus, the expected decrease of net assets in the next few years is not necessarily an indication of deteriorating financial health.

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-

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

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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 early implemented these new standards in the prior year and accordingly, is incorporated in these financial statements. This Statement established new classifications for fund balances to enhance the usefulness 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 52.

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 ("21<sup>st</sup> CCLC").

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

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 58 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 31 - 55 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 postemployment benefits plan are found on pages 58 to 63 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 tenth year of generating tax revenue, assets exceeded liabilities by \$22 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, it is anticipated that net assets will decrease over time and is not an indication of the Council's deteriorating financial condition. This current year; however, there was an increase of net assets as explained below.

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

### **CSC's Net Assets As of September 30,**

	<b>FY 2011</b>	<b>FY 2010</b>
Current Assets	\$ 20,145,096	\$ 18,627,114
Capital Assets	8,806,970	9,057,982
Total Assets	28,952,066	27,685,096
Current and Other Liabilities	6,353,699	6,440,762
Long-Term Liabilities	581,991	512,801
Total Liabilities	6,935,690	6,953,563
Net Assets:		
Invested in Capital Assets	8,806,970	9,057,982
Unrestricted	13,209,406	11,673,551
Total Net Assets	\$ 22,016,376	\$ 20,731,533

- ◆ The increase of \$1.5 million in current assets from FY 2010 to FY 2011 was primarily due to an increase of cash and investments. This infusion of cash was from a one-time grant from the Department of Children and Families which allowed the Council to drawdown up to \$2.3 million in federal reimbursement through the TANF Emergency Contingency Fund. The Council approved not appropriating these funds in FY11, rather to maintain it in Fund Balance to help subsidize possible revenue reductions in upcoming years.
- ◆ Investments in capital assets decreased by \$251,000 from the prior year. This overall decrease stemmed from a reduction of purchases, as well as several items classified within the building, furniture and computer equipment line items that were coming off the schedule per their life cycle. However, there was an increase within a new classification of Intangible Assets due to the new accounting requirement of capitalizing intangible projects.

Last year 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. It was determined that staff's development of various E-learning courses qualified as an intangible work in progress asset. This current year, \$157,336 was reclassified as Intangible Assets from Work-in-Progress ("WIP") with \$45,499 remaining in WIP. It is



## **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

### **Management's Discussion and Analysis September 30, 2011**

anticipated that these courses will be completed and released in the subsequent fiscal year and depreciated as appropriate.

Total depreciation expense was \$398,386, of which \$226,043 was building related, \$12,491 was for Intangible E-learning courses and \$159,852 was for computer hardware and software; and furniture and equipment. Finally, there is \$28,500 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 slightly decreased by \$87,063, and is chiefly due to the timing of provider invoices for September services and accounting for deferred revenue from the federal grant. The long-term liabilities category reflects a \$69,190 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 increased \$1.5 million from the prior year as explained above. Furthermore, \$947,000 of programmatic and administrative initiatives that began in the current fiscal year will be carried forward into the subsequent fiscal year and an additional \$3 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.

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

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

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

	<b>FY 2011</b>	<b>FY 2010</b>
Revenues:		
Property Taxes	\$ 57,795,765	\$ 60,094,059
Investment Earnings	111,354	280,193
Other	3,332,028	1,557,132
Total Revenues	<u>61,239,147</u>	<u>61,931,384</u>
Expenses:		
Program Services	55,730,417	58,951,356
General Administration	2,461,139	2,668,508
Tax Collector and Community Redevelopment Fees	1,762,748	1,809,845
Total Expenses	<u>59,954,304</u>	<u>63,429,709</u>
Increase (Decrease) in Net Assets	1,284,843	(1,498,325)
Net Assets - Beginning of Year	<u>20,731,533</u>	<u>22,229,858</u>
Net Assets - End of Year	<u>\$ 22,016,376</u>	<u>\$ 20,731,533</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2011, property taxes declined \$2.3 million from the prior year. Florida has been deeply affected by the mortgage crisis and multiple years of declining countywide property values. In order to generate the necessary property tax revenues, the millage rate increased 10.68% from the previous year's 0.4243 mills to 0.4696 mills but remained 3.75% *less than* the roll-back rate allowed by statute. 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 \$111,354 in fiscal year 2011, a significant 60% decrease from the prior year. The total amount of Investment Earnings is comprised of two distinct balances; 1) interest from general cash and investments and 2) investment earnings related to Fund B with the Florida Local Government Funds Surplus Trust Fund. Actual interest earnings decreased \$55,739 or 52% from the prior year due to lower investment

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

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. While the gain on the investments in Fund B with the Florida Local Government Funds Surplus Trust Fund is less than the prior year, it continues to recognize steady gains. The gain in investments for Fund B went from a rather large gain of \$172,495 in fiscal year 2010 to a smaller gain on investments of \$59,395 in fiscal year 2011.

- ◆ **Other revenue** includes grants, training registration and miscellaneous revenue and for the current year equals \$3,332,028, a significant increase of \$1,774,896 from the prior year. The increase primarily stems from a one-time grant from the Department of Children and Families, as well as from several different sources as noted below.

Federal grants represent 85% or \$2.8 million of Other Revenue. This total is predominantly from a one-time grant that allowed the Council to seek TANF reimbursement for increased expenditures in FY 2009 and 2010 over a base year of FY 2007/08. In those years, the Council increased its Family Strengthening programs expenditures by over \$2 million and as such was able to recoup \$2.2 million. The Council Members voted to not appropriate these funds in the current fiscal year, but rather save this one-time windfall within fund balance to help offset future anticipated declines in property values.

The remaining \$608,000 in this classification is from various federal through state grants related to the 21<sup>st</sup> Century Community Learning Centers grant, Federal Title IV-E Foster Care and Adoption Programs through an agreement with State of Florida Department of Children and Families, and Medicaid for Targeted Case Management services.

Additional Other Revenue sources total \$487,777 and the sources include partnerships with local foundations, training registration fees, and various small miscellaneous revenues.

- ◆ **Expenses for Program Services** and related administration totaled \$55.7 million in fiscal year 2011, a decrease of 5.46% or \$3.2 million from fiscal year 2010. This is the second straight year of programmatic decreases due to lower ad valorem tax revenue even while the need for services continues to escalate. The expense reductions affected all programmatic goal areas and were achieved through deliberate and strategic analysis by reviewing individual contracts basing cuts on poor performance and/or

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

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underutilization. Most affected were Family Strengthening and Youth Development programs.

While the total budget for Program Services decreased \$3.2 million, the funded agencies continue to fully utilize their contracts (as described on page 18), thus demonstrating a thorough programmatic reach. As the graph on the following page illustrates, 92.96% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 88% are directly contracted to local service providers.

- ◆ **Expenses for General Administration** totaled \$2.5 million in fiscal year 2011, an overall decrease of \$207,369 from fiscal year 2010. This decrease stems primarily from one-time expenses from the prior year that were related to the purchase of new servers and other capital equipment related to the move. Those one-time expenses in FY 10 resulted in a larger than normal decrease of expenses in this current year. Excluding the expenses for this new equipment, general administration is relatively flat from the prior year. Moreover, general administrative costs only represent 4.1% 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 2.94% of the administrative expense.
- ◆ **Tax Collector and Community Redevelopment fees** for fiscal year 2011 decreased slightly by 4% or \$60,044 for a total of \$1,431,159 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. These fees increased slightly from the prior year by 4.06% or \$12,947.

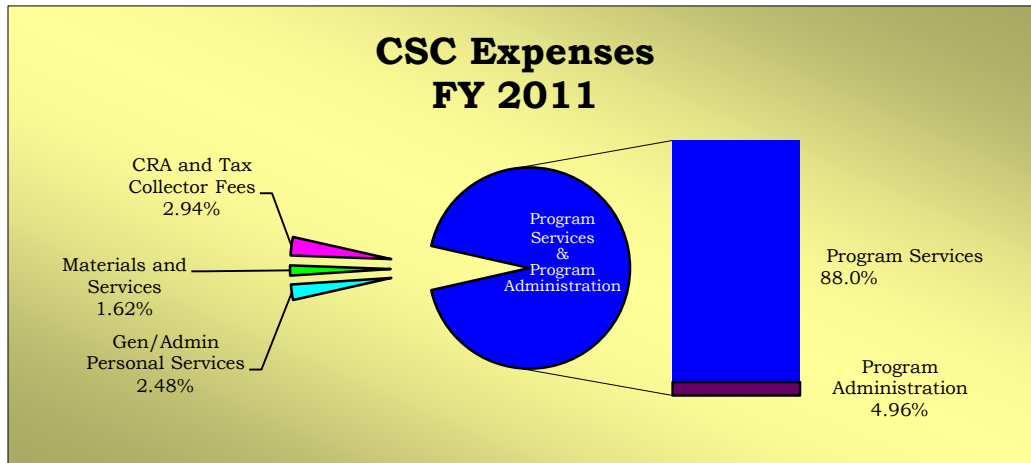
The Community Redevelopment Agency (CRA) tax increment fees are tied to the increased incremental property tax values in specific areas, as well as the Council's established millage rate. Generally, property values have declined throughout the county; however, some of the CRA districts have maintained or slightly increased property values. In those districts wherein the Council and the CRA have formed a partnership, \$910,000 or 39% 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

# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

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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.

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2011.



Analysis below separately considers the operations of governmental activities.

### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its tenth year of operations, the governmental funds (as presented in the balance sheet on page 26) reported a total fund balance of \$13.8 million. The Council early implemented the new Governmental Accounting Standards Board ("GASB") Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective in the prior 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 52.

- ◆ **Fund balance** increased a total of \$1.6 million from the prior year. The primary reason for this increase stemmed from a one-time grant, as fully discussed above in the Other Revenue section, which was not appropriated in fiscal year 2011. The Council voted to save these funds for future use as was allowed by the grant. Additionally, fund balance included \$95,387 Non-Spendable funds for prepaid expenditures.

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

the Council assigned a portion of fund balance in order to maintain services for children and their families. Accordingly, \$3 million is Assigned for Subsequent Year's Budget for fiscal year 2011-12. Additionally, \$936,835 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 \$5.9 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 (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 \$4 million.

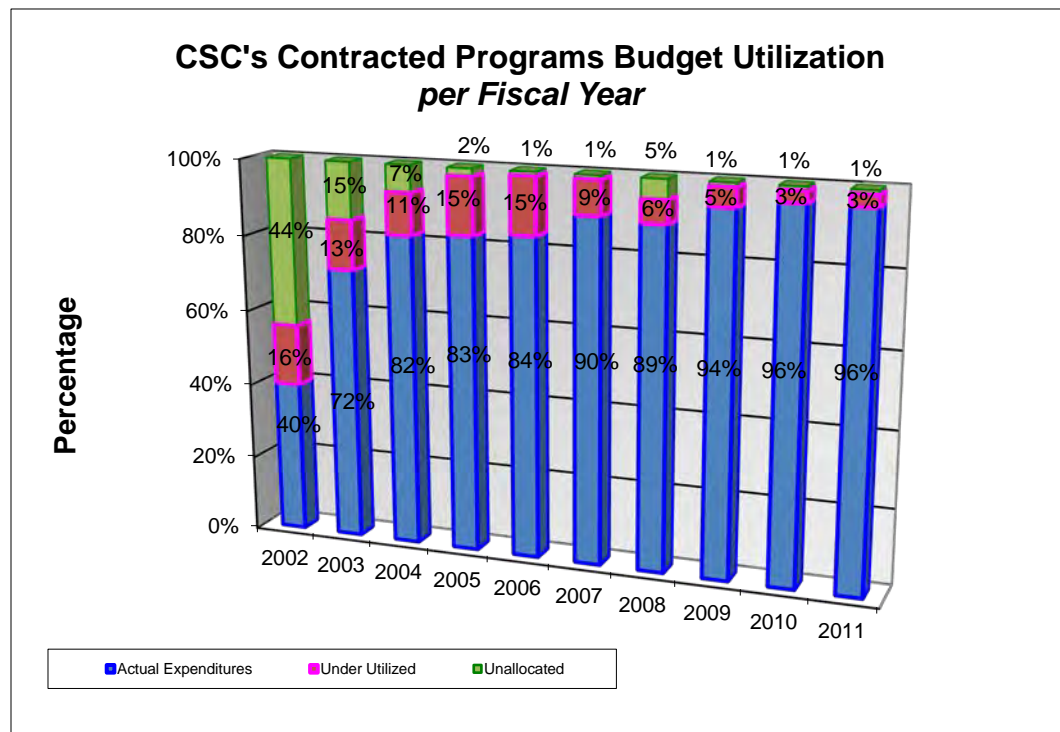
- ◆ **Budget amendments** are prepared over the course of the year allocating appropriations from one line item to another to prevent budget overruns. Actual charges (expenditures) to appropriations (budget) were \$2.8 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$2.2 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 58-59. 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 3% or \$1.6 million.
  - The budget for FY 11 included approximately \$537,500 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.

# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

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- The budget variance for Program Administration was \$236,350 and was primarily salary/benefit lapse, which is the direct result of administrative efficiencies and scrupulous accountability. General Administration budget variances totaled \$314,557 and was also primarily from salary/benefit lapse, further demonstrating fiscal judiciousness throughout the organization. Additionally, there were \$56,432 budget variances related to Capital Outlay mostly due to computer hardware and software purchases not being finalized by fiscal year-end.

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 \$1.9 million more than the final budgeted amount. This material variance was primarily the result of not appropriating the one-time grant as previously highlighted.



# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

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### **OTHER ASSETS and OTHER OBLIGATIONS**

At the end of fiscal year 2011, the Council had \$10.6 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.

### **ECONOMIC FACTORS, NEXT YEAR'S BUDGET and TAX RATES**

The Council Members considered many factors when setting the fiscal-year 2012 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 be a major factor in the local economy and dominates the economic landscape.

While there are mixed indicators when assessing Broward County's housing sector, there are some hopeful signs for a rebound within the next few years. Most welcome news is that new foreclosures in Broward County finally stopped the steep upward climb of nearly 30% increases for the past two straight years and in 2011 new foreclosures decreased almost 50% from last year. Total foreclosures for 2011 were 9,244 as opposed to 18,296 in 2010. Because of the high foreclosures for the past several years and the fact that it takes more than 2 years for a foreclosure to work its way through the system, property values have been affected downward. In 2011 Broward County experienced a decline of about 13 percent, the second straight year of double digit decreases. Economists project that property values will continue to decline for the next couple of years and estimate that they should level off and slightly rebound in 2014.

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

Unemployment in Broward County as of September 2011 decreased somewhat to 8.9% down from 10.1% at the same time last year versus 9.5% in September 2009. Further, the local unemployment data is slightly lower than the State's unemployment rate of 10.6% while noticeably higher than the national rate of 8.8%. The housing woes are clearly reflective in the high unemployment rates with construction jobs and jobs directly related to the real estate market. Other industries connected to housing such as home improvement, financial, etc. are also feeling the effects.

Adding to the economic uncertainty is the inflation rate increased from 0.7% last year to a rate of 4.5% for the same time period within the greater Fort Lauderdale/Miami region. Inflation tends to run higher in this region (national city average of 3.8%) due in part to the vulnerability of hurricanes (although there has not been a major storm in the area for six years), the high cost of property taxes and insurance, food, energy, etc.

As a result of the housing woes, inflation and high unemployment over the last half of this decade, 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. The 7.7% growth rate from 2000 to 2010 is significantly lower than the growth rates of the 1980's (23.3%) and the 1990's (29.3%). This 7.7% growth rate for Broward County over this past decade is also slower than the national growth rate of 9.7%, as well as the surrounding counties of Miami-Dade with 10.8% and Palm Beach County of 16.7%. 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. Another factor that the Council must factor when setting the budget is the adjustments made by the Value Adjustment Board (VAB). The VAB hears the appeals from property owners who feel their property tax values are too high. While these decisions from the VAB did not result in material reductions in years past, that changed in FY11. The VAB adjusted the final gross taxable value for FY 10/11 (the current fiscal year) downward from the amount provided for TRIM in September 2010. It is this number (the final adjusted gross taxable value) that is used as the basis for calculating the roll-back rate. Thus, the CSC rollback rate for FY12 decreased, resulting in a \$505,000 deficit for FY12's budget.

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2011**

The Council members voted to appropriate \$3 million of fund balance, coupled with \$936,835 of budget carry forward in the subsequent fiscal year. This carry forward, allowed the Council members to maintain most of the on-going programs with only a slight 2% increase in the millage rate to 0.4789 mills for the upcoming 2011-2012 fiscal year.

During the 2010 legislative session, the Florida Children's Services Council accepted an agreement with state lawmakers that will require the state's eight Children's Services Councils to be reapproved by the voters in their counties via a local referendum. The first referendums would be held in Martin, Okeechobee and St. Lucie Counties in 2014. Referendums in Broward, Hillsborough, Palm Beach and Pinellas counties would take place in 2016 followed by Miami-Dade County in 2020. In Broward, we're confident that the voters will enthusiastically endorse the long-term investments we're making in the lives of children and families.

### **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](http://www.cscbroward.org).

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Net Assets**  
**September 30, 2011**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 3,684,807
Investments	16,214,831
Taxes Receivable	70,863
Accounts and Interest Receivable	10,074
Due From Other Governments	69,134
Prepaid Expenses	95,387
Total Current Assets	20,145,096
Other Assets:	
Capital Assets, Not Being Depreciated:	
Land	2,500,000
Intangibles - Work In Progress	45,499
Capital Assets, Net of Accumulated Depreciation:	
Building and Related Infrastructure	5,836,413
Intangible Assets (E-learning)	144,845
Computer Hardware/Software	145,128
Furniture and Equipment	135,085
Total Capital Assets, Net	8,806,970
Total Assets	28,952,066
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable and Accrued Liabilites	6,267,988
Due To Other Governments	22,589
Unearned Revenue	14,472
Expected to be paid within one year:	
Compensated Absences	48,650
Total Current Liabilities	6,353,699
Noncurrent Liabilities:	
Expected to be paid after one year:	
Compensated Absences	437,845
OPEB Obligation	144,146
Total Noncurrent Liabilities	581,991
Total Liabilities	6,935,690
<b>NET ASSETS</b>	
Invested in Capital Assets	8,806,970
Unrestricted	13,209,406
Total Net Assets	\$ 22,016,376

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



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2011**

	<b>Governmental Activities</b>
<b>Expenses:</b>	
Program Services:	
Program Services	\$ 52,760,094
Program Administration	2,970,323
Total Program Services	55,730,417
General Administration:	
Personal Services	1,489,677
Materials and Services	971,462
Community Redevelopment and Tax Collector Fees	1,762,748
Total General Administration	4,223,887
<b>Total Expenses</b>	<b>59,954,304</b>
<b>Program Revenue:</b>	
Grant Funding, Restricted	271,384
Net Program Expense	59,682,920
<b>General Revenues:</b>	
Property Taxes	57,795,765
Investment Earnings	111,354
Grant Funding, Unrestricted	2,572,867
Miscellaneous Local	487,777
Total General Revenues	60,967,763
Change in Net Assets	1,284,843
Net Assets - Beginning of the Year	20,731,533
Net Assets - End of the Year	<b>\$ 22,016,376</b>

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, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 3,680,159	\$ 4,648	\$ 3,684,807
Investments	16,214,831	-	16,214,831
Taxes Receivable	70,863	-	70,863
Accounts and Interest Receivable	10,074	-	10,074
Due From Other Governments	52,981	16,153	69,134
Due From Other Fund	7,028	-	7,028
Prepaid Expenditures	95,387	-	95,387
Total Assets	<u>\$ 20,131,323</u>	<u>\$ 20,801</u>	<u>\$ 20,152,124</u>
<b>LIABILITIES and FUND BALANCE</b>			
Liabilities:			
Accounts Payable and Accrued Liabilites	\$ 6,254,215	\$ 13,773	\$ 6,267,988
Due To Other Governments	22,589	-	22,589
Deferred Revenue	14,472	-	14,472
Due to Other Funds	-	7,028	7,028
Total Liabilities	<u>6,291,276</u>	<u>20,801</u>	<u>6,312,077</u>
Fund Balance:			
Nonspendable Fund Balance	95,387	-	95,387
Assigned Fund Balance	3,936,835	-	3,936,835
Unassigned Fund Balance	9,807,825	-	9,807,825
Total Fund Balance	<u>13,840,047</u>	<u>-</u>	<u>13,840,047</u>
Total Liabilities and Fund Balance	<u>\$ 20,131,323</u>	<u>\$ 20,801</u>	<u>\$ 20,152,124</u>

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



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**September 30, 2011**

Fund Balance - Total Governmental Funds (page 26) \$ 13,840,047

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	\$ 10,578,628	
Less accumulated depreciation	<u>(1,771,658)</u>	8,806,970

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

Total compensated absences		(486,495)
Total OPEB Obligation		(144,146)

Net Assets of Governmental Activities (page 23)		<u><u>\$ 22,016,376</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, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 57,795,765	\$ -	\$ 57,795,765
Grant Funding	2,572,867	271,384	2,844,251
Investment Earnings	111,354	-	111,354
Miscellaneous Local	487,777	-	487,777
Total Revenues	<u>60,967,763</u>	<u>271,384</u>	<u>61,239,147</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Program Services:</b>			
Program Services	52,463,012	245,223	52,708,235
Monitoring/Outcome Materials	51,859	-	51,859
Total Program Services	<u>52,514,871</u>	<u>245,223</u>	<u>52,760,094</u>
<b>Program Administration:</b>			
Employee Salaries and Benefits	2,870,860	25,889	2,896,749
Material and Supplies	4,304	-	4,304
Printing and Advertising	3,678	-	3,678
Software Maintenance	24,583	-	24,583
Travel and Other Expenditures	27,770	272	28,042
Total Program Administration	<u>2,931,195</u>	<u>26,161</u>	<u>2,957,356</u>
<b>General Administration:</b>			
Employee Salaries and Benefits	1,459,310	-	1,459,310
Legal Fees	33,966	-	33,966
Auditors and Other Consultants	38,856	-	38,856
Materials and Supplies	24,341	-	24,341
Printing and Advertising	3,268	-	3,268
Other General Administration	298,386	-	298,386
Telecommunications	40,521	-	40,521
Travel and Other Expenditures	111,695	-	111,695
Tax Collection Fees	331,589	-	331,589
Community Redevelopment Area Fees	1,431,159	-	1,431,159
Total General Administration	<u>3,773,091</u>	<u>-</u>	<u>3,773,091</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, 2011, (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Capital Outlay:</b>			
Computer Hardware/Software	108,436	-	108,436
Furniture/ Equipment	15,166	-	15,166
Building Infrastructure	12,417	-	12,417
Total Capital Outlay	<u>136,019</u>	<u>-</u>	<u>136,019</u>
<b>Total Expenditures</b>	<u>59,355,176</u>	<u>271,384</u>	<u>59,626,560</u>
<b>Net Change in Fund Balance</b>	1,612,587	-	1,612,587
<b>Beginning Fund Balance</b>	<u>12,227,460</u>	<u>-</u>	<u>12,227,460</u>
<b>Ending Fund Balance</b>	<u>\$ 13,840,047</u>	<u>\$ -</u>	<u>\$ 13,840,047</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, 2011**

Net Change in Fund Balance	
Total Governmental Funds (page 29)	\$ 1,612,587

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 depreciation expense exceeded capital outlay.

Expenditures for capital assets	\$ 147,374	
Less current year depreciation	(398,386)	(251,012)

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	(48,486)
Change in OPEB Obligation	(28,246)
Change in Net Assets of Governmental Activities (page 25)	\$ 1,284,843

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, 2011**

### **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 for a four year term.

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

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### ***a. Reporting Entity***

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

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Notes to the Financial Statements**

**September 30, 2011**

### **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***

The Council follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides 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, 2011**

### **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, 2011**

### **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, 2011**

### **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 and OPEB obligations 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 ("21<sup>st</sup> 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 several 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, 2011**

### **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) Heritage Money Market Fund and 2) Municipal Cash Management Money Market Fund 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, 2011**

**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
Intangible Assets (E-learning Courses)	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, 2011**

**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.

***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, 2011**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### ***n. New Accounting Pronouncements***

GASB Statement No. 54 - In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds and clarifies the existing governmental fund type definitions. The provisions of this Statement are effective for fiscal year ended September 30, 2011. The Council early implemented this Statement last 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 provisions of this Statement will be effective for fiscal year ending September 30, 2012. 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.

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. Currently, the Council is not directly affected by this statement. The provisions of this Statement are effective for fiscal year ended September 30, 2011.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements  
September 30, 2011**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

***n. New Accounting Pronouncements, (Continued)***

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 provisions of this Statement will be effective for the fiscal year ending September 30, 2013. Currently, the Council is not directly affected by this statement.

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 provisions of this Statement will be effective for the fiscal year ending September 30, 2013. Currently, the Council is not directly affected by this statement.



# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Notes to the Financial Statements September 30, 2011**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### ***n. New Accounting Pronouncements, (Continued)***

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 provisions of this Statement will be effective for the fiscal year ending September 30, 2013.

GASB Statement No. 63 - In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources as defined by GASB's Concepts Statement No. 4. It also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows and deferred inflows of resources into the definition of net assets and by renaming it as net position, rather than net assets. The requirements of this Statement will improve financial reporting by standardizing the presentation and their effects on a government's net position. The provisions of this Statement will be effective for the fiscal year ending September 30, 2013.

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Notes to the Financial Statements**

**September 30, 2011**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### ***n. New Accounting Pronouncements, (Continued)***

GASB Statement No. 64 – In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. This Statement amends GASB Statement No. 53 and provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement enhance comparability and improve financial reporting. The provisions of this Statement will be effective for the fiscal year ending September 30, 2012. Currently, the Council is not directly affected by this statement.

#### ***o. Date of Management Review***

Subsequent events were evaluated through February 16, 2012, which is the date the financial statements were available to be issued.

### **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, 2011**

**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, 2011, the carrying amount of the Council's deposits was \$3,684,807 with a bank balance of \$4,386,258. 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, 2011 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
	<u>          </u>		<u>          </u>
Cash Deposits	\$ 3,684,807	-	\$ 3,684,807
Investments with the SBA:			
Florida PRIME	7,708,676	38 days	7,708,676
Fund B, net of unrealized loss	357,651	4.82 years	357,651
Wells Fargo Investments:			
Heritage Money Market Fund	4,073,809	33 days	4,073,809
Municipal Cash Management Money Market Fund	<u>4,074,695</u>	12 days	<u>4,074,695</u>
Total Investments	<u>16,214,831</u>		<u>16,214,831</u>
Total Cash and Investments	<u>\$ 19,899,638</u>		<u>\$ 19,899,638</u>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements**

**September 30, 2011**

**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 2011 were invested with the SBA and Wells Fargo Advantage Funds. The SBA Florida PRIME investment pool and the Heritage Money Market Fund held by Wells Fargo Advantage Funds are AAAM rated by Standard and Poors. The Municipal Cash Management Money Market Fund held by Wells Fargo Advantage Funds is rated AAAMmf by Fitch Ratings, Ltd. These ratings are the highest creditworthiness rates given by the national agencies. In addition, investments into all 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, 2011 consists of the following:

	General Fund
LEED Certification	\$ 7,934
Other	2,020
Registration Fees	120
Total Accounts Receivable	<u>\$ 10,074</u>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements  
September 30, 2011**

**4. RECEIVABLES AND PAYABLES, (Continued)**

Accounts Payable and Accrued Liabilities as of September 30, 2011 consists of the following:

	General Fund	Special Revenue Fund
Funded Providers	\$ 6,169,020	\$ 13,773
Administrative	74,714	-
Professional Services & Other	10,481	-
Total Accounts Payable and Accrued Liabilities	<u>\$ 6,254,215</u>	<u>\$ 13,773</u>

**5. INTERFUND RECEIVABLES AND PAYABLES**

Interfund Receivables and Payables at September 30, 2011 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 7,028	\$ -
Special Revenue Fund	-	7,028
Total	<u>\$ 7,028</u>	<u>\$ 7,028</u>

The purpose of these transactions is to account for the temporary borrowing between the 21<sup>st</sup> 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 2011 was 0.4696 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, 2011 upon which the fiscal year 2011 levy was based, was approximately \$129 billion. The Council increased the millage rate up to the "Roll Back Rate" by 0.0453 mills or 10.68% for fiscal year 2010/11.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements  
September 30, 2011**

**6. PROPERTY TAXES, (Continued)**

Florida laws restrict millage rate increases that a government may levy. In addition to additional exemptions for most homeowners, a four percent discount is also 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, 2011 is \$70,863.

**7. CAPITAL ASSETS ACTIVITY**

	Balance at Oct 1, 2010	Additions	Deletions	Balance at Sept 30, 2011
Capital Assets:				
Capital Assets Not Depreciated:				
Land	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Intangibles-Work in Progress	127,683	75,152	(157,336)	45,499
Capital Assets Depreciated:				
Building	6,040,146	7,535	-	6,047,681
Building Infrastructure	252,905	-	-	252,905
Computer Hardware/Software	1,221,285	64,687	(28,500)	1,257,472
Intangible Assets (E-learning)	-	157,336	-	157,336
Furniture and Equipment	317,735	-	-	317,735
Total Capital Assets	<u>10,459,754</u>	<u>304,710</u>	<u>(185,836)</u>	<u>10,578,628</u>
Less Accumulated Depreciation:				
Building	225,446	213,398	-	438,844
Building Infrastructure	12,684	12,645	-	25,329
Computer Hardware/Software	1,037,271	103,573	(28,500)	1,112,344
Intangible Assets e-learning	-	12,491	-	12,491
Furniture and Equipment	126,371	56,279	-	182,650
Total Accumulated Depreciation	<u>1,401,772</u>	<u>398,386</u>	<u>(28,500)</u>	<u>1,771,658</u>
Capital Assets, Net	<u>\$ 9,057,982</u>	<u>\$ (93,676)</u>	<u>\$ (157,336)</u>	<u>\$ 8,806,970</u>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements  
September 30, 2011**

**7. CAPITAL ASSETS ACTIVITY, (Continued)**

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

Program Administration	\$ 68,923
General Administration	329,463
	<hr/>
Total Depreciation Expense	<u>\$ 398,386</u>

In order to properly account for Intangible Assets, the Council implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* in the prior fiscal year. These Intangible Assets are comprised of costs associated with the internal development of software for e-learning courses. Once the development stage is final, these e-learning courses are available for the child serving community to further their training opportunities. During fiscal year 2010/11 there were six courses completed and a total of \$157,336 was moved from Work in Progress to Capital Assets. Work in Progress is comprised of salary and fringe benefits for a total of \$45,499 and includes ten e-learning courses in various stages of development.

**8. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for fiscal year ended September 30, 2011:

	Beginning Balance Oct 1, 2010	Increases	Decreases	Ending Balance Sept 30, 2011	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 411,082	\$ 264,527	\$ (219,309)	\$ 456,300	\$ 45,630
Sick Leave Accrual	26,927	113,026	(109,758)	30,195	3,020
OPEB Obligation	115,900	28,246	-	144,146	-
	<hr/>				
Total Long Term Liabilities	\$ 553,909	\$ 405,799	\$ (329,067)	\$ 630,641	\$ 48,650

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

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Notes to the Financial Statements**

**September 30, 2011**

### **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 is phased in over 30 years, commencing with the 2009 liability. The Council obtained an actuarial valuation in accordance with the standards of the Statement.

#### **Plan Description and Funding Policy**

Employees who retire from the Council and their dependents are eligible to continue to participate ("single employer plan") in the Council's health insurance, 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, 2011 there are no participating retirees in the group health program.

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



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements  
September 30, 2011**

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

**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	\$ 23,128
Amortization of Accrued Liability	4,273
Annual OPEB Cost	<u>27,401</u>
Adjustment for Timing	1,096
Annual Required Contribution	<u>28,497</u>
Interest on Net OPEB Obligation (NOO)	4,636
NOO Amortization adjustment to the ARC	<u>(4,018)</u>
Annual OPEB Cost	29,115
Estimated Annual Employer Contribution (pay-as-you-go)	<u>(869)</u>
Change in Net OPEB Obligation	28,246
Net OPEB Obligation - Beginning of Year	115,900
Net OPEB Obligation - End of Year	<u><u>\$ 144,146</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2011 and two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2009	\$ 56,900	0.0%	\$ 56,900
9/30/2010	\$ 59,000	0.0%	\$ 115,900
9/30/2011	\$ 29,115	3.0%	\$ 144,146

The funded status of the plan as of October 1, 2010 was as follows:

Actuarial Accrued Liability	\$ 128,178
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 128,178
Funded Ratio	0%
Covered Payroll	\$ 3,185,220
UAAL as a percentage of covered payroll	4.0%

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements**

**September 30, 2011**

**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, 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.

**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, 2010
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, 2011**

**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, 2011 amounted to approximately \$23,400. Future minimum base lease payments for these leases are approximately as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Minimum Equipment Lease Payment</b>
2012	\$ 19,600
2013	9,500
Thereafter	-
	<u>\$ 29,100</u>

Encumbrances:

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2011 that will be re-appropriated in the subsequent year are as follows:

Major Fund:

General Fund:

Program Services	\$ 624,855
Program Administration	126,636
General Administration	185,344
Total Encumbrances	<u>\$ 936,835</u>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements  
September 30, 2011**

**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, 2011 the Council reported \$2,844,251 in grant funding, including state matching funds amounting to \$545,594 from the State of Florida Department of Children and Families. The State matching funds are not subject to Florida Single Audit. Reference should be made to the Schedule of Expenditures of Federal Awards on page 96.

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	2011	----	\$ 27,331

**12. FUND BALANCE**

The Council early implemented GASB No. 54 in the prior year, 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 classified \$95,387 of prepaid items as Nonspendable since 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, 2011**

### **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 \$3,936,835 in Assigned Fund Balance which can be further classified in two categories: Assigned for Outstanding Encumbrances and Assigned for Subsequent Year's Budget. The encumbrances include \$624,855 for various programmatic goals in the subsequent year, while the remaining \$311,980 of encumbrances is for program and general administration. The second category of Assigned Fund Balance is \$3 million for programmatic purposes appropriated in the subsequent year's budget to offset 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 \$5,985,150. The remaining Unassigned Fund Balance is \$3,822,675.

# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Notes to the Financial Statements**

**September 30, 2011**

### **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](http://www.myfrs.com).

Funding Policy: FRS was non-contributory for employees for the first 9 months of the fiscal year wherein the Council was required to contribute the full actuarially determined rate. Beginning July 2011, employees were mandated to contribute 3% towards the cost of their retirement. Employer FRS rates were 10.77% for regular employees, 12.25% for DROP employees and 14.57% for senior management of annual covered payroll for the first nine months of the fiscal year. Effective July 1, 2011, Employer FRS rates decreased to an annually weighted amount of 4.91% for regular employees, 4.42% for DROP employees and 6.27% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2011, 2010, and 2009 were \$ \$320,156, \$341,854, and \$340,715, 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.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Notes to the Financial Statements**

**September 30, 2011**

**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.

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**

**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, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 58,252,262	\$ 58,252,262	\$ 57,795,765	\$ (456,497)
Grant Funding	250,000	250,000	2,572,867	2,322,867
Investment Earnings	50,000	50,000	111,354	61,354
Miscellaneous Local	477,149	477,277	487,777	10,500
<b>Total Revenues</b>	<b>59,029,411</b>	<b>59,029,539</b>	<b>60,967,763</b>	<b>1,938,224</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Program Services:</b>				
Program Services	54,653,063	54,653,191	52,463,012	2,190,179
Monitoring/Outcome Materials	70,000	70,000	51,859	18,141
<b>Total Program Services</b>	<b>54,723,063</b>	<b>54,723,191</b>	<b>52,514,871</b>	<b>2,208,320</b>
<b>Program Administration:</b>				
Employee Salaries and Benefits	3,075,400	3,075,400	2,870,860	204,540
Other Consultants	8,000	8,000	-	8,000
Material and Supplies	9,311	9,327	4,304	5,023
Printing and Advertising	7,000	6,984	3,678	3,306
Software Maintenance	32,864	32,864	24,583	8,281
Travel and Other Expenditures	34,970	34,970	27,770	7,200
<b>Total Program Administration</b>	<b>3,167,545</b>	<b>3,167,545</b>	<b>2,931,195</b>	<b>236,350</b>
<b>General Administration:</b>				
Employee Salaries and Benefits	1,563,173	1,563,173	1,459,310	103,863
Legal Fees	35,000	35,000	33,966	1,034
Auditors and Other Consultants	47,500	49,500	38,856	10,644
Materials and Supplies	43,338	43,338	24,341	18,997
Printing and Advertising	23,670	18,670	3,268	15,402
Other General Administration	398,071	380,636	298,386	82,250
Telecommunications	54,000	54,000	40,521	13,479
Travel and Other Expenditures	144,958	132,448	111,695	20,753
Tax Collection Fees	359,311	359,311	331,589	27,722
Community Redevelopment Area Fees	1,451,572	1,451,572	1,431,159	20,413
<b>Total General Administration</b>	<b>4,120,593</b>	<b>4,087,648</b>	<b>3,773,091</b>	<b>314,557</b>

**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, 2011, (Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Capital Outlay:</b>				
Computer Hardware/Software	139,852	150,532	108,436	42,096
Furniture/ Equipment	17,154	29,484	15,166	14,318
Building Related Expenditures	2,500	12,435	12,417	18
Total Capital Outlay	<u>159,506</u>	<u>192,451</u>	<u>136,019</u>	<u>56,432</u>
<b>Total Expenditures</b>	<u>62,170,707</u>	<u>62,170,835</u>	<u>59,355,176</u>	<u>2,815,659</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (3,141,296)</u>	<u>\$ (3,141,296)</u>	1,612,587	<u>\$ 4,753,883</u>
<b>Beginning Fund Balance</b>			<u>12,227,460</u>	
<b>Ending Fund Balance</b>			<u>\$ 13,840,047</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenue:</b>				
Local Sources:				
Grant Funding	\$ 285,997	\$ 275,466	\$ 271,384	(4,082)
<b>Expenditures:</b>				
<b>Program Services:</b>				
Program Services	256,999	247,372	245,223	2,149
<b>Program Administration:</b>				
Employee Salaries and Benefits	28,498	26,127	25,889	238
Travel and Other Expenditures	500	1,967	272	1,695
Total Program Administration	28,998	28,094	26,161	1,933
<b>Total Expenditures</b>	<u>285,997</u>	<u>275,466</u>	<u>271,384</u>	<u>4,082</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Beginning Fund Balance</b>			<u>-</u>	
<b>Ending Fund Balance</b>			<u>\$ -</u>	

NOTE: GAAP serves as the budgetary basis.



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Funding Progress**  
**Other Post-Employment Benefits Plan**

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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ -	\$ 128,178	\$ 128,178	0%	\$ 3,185,220	4.0%
10/1/2008	\$ -	\$ 214,900	\$ 214,900	0%	\$ 3,109,249	6.9%





# STATISTICAL SECTION

10 Years of Transforming Children's Lives



**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, 2011**

### **STATISTICAL SECTION**

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

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**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

**Governmental Activities**

<u>Fiscal Year</u>	<u>Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Total primary government net assets</u>
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
2011	8,806,970	13,209,406	22,016,376



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

**Changes in Net Assets**

**Last Ten Fiscal Years**

(accrual basis of accounting)

	Fiscal			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Expenses</b>				
Governmental activities:				
Program Services:				
Program Services	\$ 7,741,217	\$ 25,678,518	\$ 33,876,243	\$ 42,804,585
Program Administration	616,105	1,036,741	1,216,230	1,803,292
Total Program Services	<u>8,357,322</u>	<u>26,715,259</u>	<u>35,092,473</u>	<u>44,607,877</u>
General Administration:				
Personal Services	719,589	900,264	1,099,004	1,262,444
Materials and Services	713,743	409,273	997,069	879,637
Community Redevelopment and Tax Collector Fees	-	670,149	907,649	642,575
Total General Administration	<u>1,433,332</u>	<u>1,979,686</u>	<u>3,003,722</u>	<u>2,784,656</u>
Total primary government expenses	<u>9,790,654</u>	<u>28,694,945</u>	<u>38,096,195</u>	<u>47,392,533</u>
<b>Program Revenues</b>				
Governmental activities:				
Grant Funding, Restricted	2,455,912	464,306	589,892	665,235
Total primary government program revenue	<u>2,455,912</u>	<u>464,306</u>	<u>589,892</u>	<u>665,235</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	<u>\$ 7,334,742</u>	<u>\$ 28,230,639</u>	<u>\$ 37,506,303</u>	<u>\$ 46,727,298</u>
<b>General Revenues &amp; Other Changes in Net Assets</b>				
Governmental activities:				
Property Taxes	\$ 23,925,608	\$ 28,840,883	\$ 38,323,485	\$ 46,299,021
Investment Earnings	313,098	431,398	439,573	1,145,141
Grant Funding, Unrestricted	-	-	-	-
Miscellaneous	112,248	143,393	210,523	18,518
Total primary government	<u>\$ 24,350,954</u>	<u>\$ 29,415,674</u>	<u>\$ 38,973,581</u>	<u>\$ 47,462,680</u>
<b>Changes in Net Assets</b>				
Total primary government	<u>\$ 17,016,212</u>	<u>\$ 1,185,035</u>	<u>\$ 1,467,278</u>	<u>\$ 735,382</u>

Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 47,995,906	\$ 55,166,003	\$ 56,378,547	\$ 57,163,373	\$ 56,101,645	\$ 52,760,094
2,498,185	2,678,691	3,107,866	3,187,482	2,849,711	2,970,323
<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>	<u>55,730,417</u>
1,186,658	1,283,242	1,430,511	1,477,411	1,391,696	1,489,677
902,565	1,022,516	917,920	843,657	1,276,812	971,462
845,973	1,593,271	1,555,588	1,818,312	1,809,845	1,762,748
<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>4,223,887</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>	<u>\$ 59,954,304</u>
628,192	342,861	939,901	501,488	\$ 651,736	\$ 271,384
<u>628,192</u>	<u>342,861</u>	<u>939,901</u>	<u>501,488</u>	<u>\$ 651,736</u>	<u>\$ 271,384</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>	<u>\$ 59,682,920</u>
\$ 53,589,647	\$ 61,533,409	\$ 60,092,171	\$ 59,990,448	\$ 60,094,059	\$ 57,795,765
2,119,135	2,672,542	1,095,569	153,990	280,193	111,354
-	223,277	213,830	113,760	308,530	2,572,867
70,171	83,140	311,815	446,771	596,866	487,777
<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>\$ 60,967,763</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>	<u>\$ 1,284,843</u>

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

<b><u>General Fund</u></b>						
Fiscal Year	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
2011			95,387	3,936,835	9,807,825	13,840,047

Note: The Special Revenue fund balance is zero for all years.

\*Prior year amounts have not been restated for the implementation of GASB Statement No. 54





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

(modified accrual basis of accounting)

	Fiscal			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Revenues</b>				
Ad Valorem Taxes	\$ 23,925,608	\$ 28,840,883	\$ 38,323,485	\$ 46,299,021
Investment Earnings	313,098	431,398	439,573	1,145,141
Miscellaneous Local	28,135	115,356	113,405	18,518
In-Kind Local Match	84,113	50,807	111,683	-
Grant Funding	455,912	2,464,306	589,892	665,235
Total revenues	<u>24,806,866</u>	<u>31,902,750</u>	<u>39,578,038</u>	<u>48,127,915</u>
<b>Expenditures</b>				
Program Services	7,741,217	25,678,518	33,876,243	42,804,585
Program Administration	522,409	938,475	1,236,521	1,723,257
General Administration	1,164,139	1,945,524	2,599,655	2,599,145
Capital Outlay	474,280	55,022	429,000	165,186
Total expenditures	<u>9,902,045</u>	<u>28,617,539</u>	<u>38,141,419</u>	<u>47,292,173</u>
Net change in fund balance	<u>\$ 14,904,821</u>	<u>\$ 3,285,211</u>	<u>\$ 1,436,619</u>	<u>\$ 835,742</u>

Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 53,589,647	\$ 61,533,409	\$ 60,092,171	\$ 59,990,448	\$ 60,094,059	\$ 57,795,765
2,119,135	2,672,542	1,095,569	153,990	280,193	111,354
70,171	83,140	311,815	446,771	609,860	487,777
-	-	-	-	-	-
628,192	566,138	1,153,731	615,248	947,272	2,844,251
<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>	<u>61,239,147</u>
47,907,137	55,166,003	56,378,547	57,163,373	56,101,645	52,760,094
2,549,839	2,676,428	3,071,449	3,080,541	2,891,720	2,957,356
2,761,954	3,723,834	3,792,495	3,968,377	3,889,604	3,773,091
211,032	130,578	35,463	8,702,529	768,421	136,019
<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>59,626,560</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>	<u>\$ 1,612,587</u>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten 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	142,046,400	29,497,054	10,102,234	19,167,866
2011	114,761,706	28,197,014	9,407,282	20,617,810

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.

<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Council Tax Rate (2)</u>
\$ 22,522,462	\$ 70,958,273	0.3055
28,960,208	85,328,094	0.3316
36,898,837	79,182,088	0.3920
44,300,477	84,740,351	0.4231
56,409,847	125,733,583	0.4231
77,339,278	150,980,044	0.4073
86,689,663	169,570,418	0.3572
79,667,920	161,645,379	0.3754
59,245,911	141,567,643	0.4243
38,422,067	134,561,745	0.4696

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

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

Fiscal Year	Council			Overlapping Rates (a)		
	Basic Direct Rate	Debt Service Rate	Total Rate	Broward County (a)	School Board of Broward County	South Florida Water Management District
2002	0.3055	-	0.3055	7.4005	8.7541	0.6970
2003	0.3316	-	0.3316	7.3650	8.8825	0.6970
2004	0.3920	-	0.3920	7.1880	8.4179	0.6970
2005	0.4231	-	0.4231	7.0230	8.2695	0.6970
2006	0.4231	-	0.4231	6.7830	8.0623	0.6970
2007	0.4073	-	0.4073	6.0661	7.8687	0.6970
2008	0.3572	-	0.3572	5.2868	7.6484	0.6240
2009	0.3754	-	0.3754	5.3145	7.4170	0.6240
2010	0.4243	-	0.4243	5.3889	7.4310	0.6240
2011	0.4696	-	0.4696	5.5530	7.6310	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.



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

<b>2002</b>			
<b>Taxpayer</b>	<b>Taxes Levied</b>	<b>Rank</b>	<b>Percent to Aggregate Taxes Levied</b>
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%
TRG Holiday	-	-	-
Total principal taxpayers	<u>\$ 75,166</u>		<u>3.46%</u>

Source: Broward County Revenue Collector



**2011**

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<b>Taxes Levied</b>	<b>Rank</b>	<b>Percent to Aggregate Taxes Levied</b>
\$ 36,129	1	1.16%
10,430	2	0.33%
8,123	3	0.26%
-	-	-
4,250	7	0.14%
6,635	4	0.21%
-	-	-
5,574	6	0.18%
-	-	-
-	-	-
3,246	9	0.10%
3,206	10	0.10%
-	-	-
-	-	-
3,386	8	0.11%
-	-	-
6,100	5	0.20%
<u>\$ 87,079</u>		<u>2.79%</u>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
2002	\$ 25,231,408	\$ 23,925,608	94.8%	\$ 92,854
2003	30,659,841	28,785,876	93.9%	171,956
2004	40,758,917	38,225,214	93.8%	120,859
2005	48,808,266	46,168,199	94.6%	134,485
2006	56,341,477	53,444,968	94.9%	202,451
2007	64,634,697	61,401,903	95.0%	239,031
2008	63,240,600	59,925,176	94.8%	353,485
2009	63,145,444	59,597,697	94.4%	593,608
2010	63,430,596	59,406,863	93.7%	326,031
2011	61,318,170	57,368,232	93.6%	-

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

**Total Collections to Date**

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	<b>Amount</b>	<b>Percentage of Levy</b>
\$	24,018,462	95.2%
	28,957,832	94.4%
	38,346,073	94.1%
	46,302,684	94.9%
	53,647,419	95.2%
	61,640,934	95.4%
	60,278,661	95.3%
	60,191,305	95.3%
	59,732,894	94.2%
	57,368,232	93.6%

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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>
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	72,752,112	41,185	38.5
2010	1,748,066	N/A	N/A	39.6
2011	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

<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
260,892	5.40%
266,272	5.00%
271,339	4.20%
272,691	3.20%
270,935	2.90%
262,616	3.70%
258,905	6.00%
255,738	9.50%
255,203	10.10%
256,872	8.90%

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

**2002**

<b>Employer (1)</b>	<b>Employees (1)</b>	<b>Rank</b>	<b>Percentage of Total County Employment (2)</b>
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%
<b>Total</b>	<b>70,628</b>		<b>8.1%</b>

\* Includes both full time and part time employees

Sources:

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

**2011**

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<b>Employer (1)</b>	<b>Employees (1)</b>	<b>Rank</b>	<b>Percentage of Total County Employment (2)</b>
Broward School Board*	26,933	1	3.0%
Broward County Government*	11,089	2	1.2%
Memorial Healthcare System*	10,700	3	1.2%
Broward Health*	8,207	4	0.9%
Nova Southeastern	3,971	5	0.4%
American Express	3,000	6	0.3%
Kaplan Higher Education	2,800	7	0.3%
The Answer Group	2,800	8	0.3%
BrandsMart USA	2,600	9	0.3%
City of Fort Lauderdale	2,487	10	0.3%
Total	<u>74,587</u>		<u>8.2%</u>

\* Includes both full time and part time employees

Source:

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

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

<b>Full-time Equivalent Employees as of September 30,</b>	<b>Contract Administration</b>	<b>General Administration</b>	<b>Grand Total</b>
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
2011	37	16	53

Source: Children's Services Council, Finance Administration



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

**Utilization**

Contract/Direct Services  Fiscal Year	Amount Under Contract	Actual Expenditures	Under- utilized (c)	Unallocated (d)
	(a)	(b)		
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%
2011	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**

Fiscal Year	Budget (e)	Actual (f)
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%
2011	105%	97%

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

Source: The Children's Services Council - Finance Administration

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Operating Budget Trends**  
**Last Ten Fiscal Years**

	Fiscal				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
	Budget	Budget	Budget	Budget	Budget
Family Strengthening	\$ 2,035,430	\$ 5,106,997	\$ 7,266,421	\$ 9,654,398	\$ 9,316,780
Child Welfare/Adoption Promotion	3,394,131	1,856,197	966,288	644,457	502,773
Youth Development	-	750,000	1,747,575	3,858,414	4,073,174
Delinquency Prevention	-	2,000,000	2,939,373	3,262,796	3,487,923
Independent Living	-	300,000	500,000	499,878	524,117
Special Needs	3,522,000	1,668,347	2,649,182	6,121,192	11,666,528
Out of School Time	4,272,603	12,747,238	15,278,623	16,813,167	15,408,202
Early Child Education	4,452,397	5,000,000	5,776,000	6,000,000	6,064,002
Physical Health	-	3,172,270	1,554,816	1,799,815	1,941,460
System Goals	900,083	1,571,919	2,527,331	2,493,452	2,494,019
Unallocated	1,200,285	1,003,133	615,217	233,483	551,781
Administration	2,549,527	2,761,371	4,078,004	4,361,170	5,101,183
<b>TOTAL</b>	<b>\$ 22,326,456</b>	<b>\$ 37,937,472</b>	<b>\$ 45,898,830</b>	<b>\$ 55,742,222</b>	<b>\$ 61,131,942</b>

Source: Children's Services Council, Finance Administration

Year				
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Budget	Budget	Budget	Budget	Budget
\$ 9,392,012	\$ 12,037,427	\$ 11,402,429	\$ 12,369,120	\$ 11,269,033
666,560	322,620	135,000	135,000	135,000
6,828,797	7,667,084	6,667,236	6,981,814	5,969,318
3,260,657	3,379,521	2,854,521	2,904,521	2,964,398
1,109,043	1,433,144	1,351,756	1,325,000	1,575,000
12,879,440	11,568,884	12,331,063	9,994,748	9,930,834
15,074,138	12,639,864	13,981,899	12,821,033	11,937,544
6,629,269	6,509,108	6,566,390	7,260,000	6,764,045
2,313,520	2,909,150	2,921,080	2,173,077	2,002,631
2,646,187	2,480,838	2,037,043	1,928,863	1,963,019
591,428	1,663,982	54,848	75,331	202,241
5,621,746	5,948,494	5,541,337	6,153,840	5,636,761
<b>\$ 67,012,797</b>	<b>\$ 68,560,116</b>	<b>\$ 65,844,602</b>	<b>\$ 64,122,347</b>	<b>\$ 60,349,824</b>



# INTERNAL CONTROLS & COMPLIANCE SECTION

10 Years of Transforming Children's Lives



**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, 2011, which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 16, 2012. 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 16, 2012





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 Children's Services Council of Broward County's (the "Council") compliance with the types of compliance requirements described in the *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, 2011. 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, 2011.

Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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. 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 16, 2012

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2011

**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 Health and Human Services, Emergency  
Contingency Fund for Temporary Assistance for Needy Families (TANF)  
State Program, CFDA No. 93.714
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, 2011**

Federal Agency, Pass-through Entity, Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
<b>FEDERAL AGENCY NAME:</b>				
Indirect Programs:				
Department of Education - Passed through the School Board of Broward County, Florida -	84.287	---	\$ 271,384	\$ 245,223
21st Century Community Learning Centers				
Department of Health and Human Services - Passed through the State of Florida Department of Children and Families -				
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714		1,788,818	-
Foster Care-Title IV-E	93.658	---	74,146	-
Adoption Assistance-Title IV-E	93.659	---	24,244	-
Passed through the State of Florida Department of Health and Human Services -				
Medical Assistance Program	93.778	---	118,079	-
Department of Education - Passed through the School Board of Broward County, Florida				
ARRA-Special Education Grants to States, Recovery Act	84.391	---	21,986	-
<b>Total Federal Awards</b>			<b>\$ 2,298,657</b>	<b>\$ 245,223</b>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**September 30, 2011**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the Council and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**NOTE 2 - CONTINGENCY**

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



## 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, 2011, and have issued our report thereon dated February 16, 2012.

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 16, 2012, 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 govern 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 annual financial 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, 2011, 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, 2011. 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 16, 2012







## **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.

**Call Us:** (954) 377-1000

**Email:** [info@cscbroward.org](mailto:info@cscbroward.org).

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