

Children's Services Council of Broward County



Comprehensive Annual Financial Report *For Fiscal Year Ending September 30, 2008*

Working Together for Our Children

6301 NW 5th Way, Suite 3000

Fort Lauderdale, FL 33309 • www.cscbroward.org



Council Members



Commissioner Suzanne N. Gunzburger, Chair
County Commission Member



Stephanie Arma Kraft, Esq.
School Board of Broward County



Ana M. Valladares, Vice Chair
Governor Appointee



James F. Notter
Superintendent, Broward County Schools



Jack L. Moss, Secretary
Regional Director, DCF Southeast Region



Terry Santini
Governor Appointee



Emilio Benitez
Governor Appointee



Christopher L. Smith
Governor Appointee



Mariza Cobb
Governor Appointee



Dr. Paula Thaqi
Director, Broward County, Health Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Children's Services Council Of Broward County, Florida

for the

Fiscal Year Ended September 30, 2008



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, 2008**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i
Organizational Chart and Principal Officials	ix
GFOA Certificate of Achievement	xi

FINANCIAL SECTION

Report of Independent Certified Public Accountants	1
Management's Discussion and Analysis ("MDA")	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	19
Statement of Activities	21
Fund Financial Statements	
Balance Sheet-Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balance-Government Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	26

Notes to the Financial Statements:

Description of the Children's Services Council	27
Summary of Significant Accounting Policies	27
Deposits and Investments	33
Accounts and Interest Receivable	35
Interfund Receivables and Payables	35
Property Taxes	36
Capital Assets Activity	36
Long-Term Liabilities	37
Operating Leases	37
Grant Funding	38
Retirement Plans	39
Insurance Activities	39
Other Commitments and Contingencies	40

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual Comparison General Fund	42
Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget to Actual Comparison Special Revenue Fund	45

STATISTICAL SECTION

Net Assets by Component	48
Changes in Net Assets	50
Fund Balance, Governmental Funds	52
Changes in Fund Balance, Governmental Funds	54
Assessed Value and Actual Value of Taxable Property	56
Direct and Overlapping Property Tax Rates	58
Principal Property Taxpayers	60
Property Tax Levies and Collections	62
Demographic and Economic Statistics	64
Principal Employers	66
Full-Time Equivalent Employees by Function	68
Operating Indicators	69

INTERNAL CONTROL AND COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	71
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	73
Schedule of Findings and Questioned Costs	75
Schedule of Expenditures of Federal Awards	76
Independent Auditors' Report to Council Management	77



Introductory Section





"Our focus is our children."

**CHILDREN'S
SERVICES
COUNCIL
MEMBERS:**

*Commissioner
Sue N. Gunzburger, Chair
County Commissioner*

*Ana M. Valladares, Vice Chair
Governor Appointee*

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Governor Appointee*

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

*Judge Howard M. Zeidwig
Judicial Member*

STAFF

*Cindy J. Arenberg Seltzer
President/CEO*

LEGAL COUNSEL

John Milledge

Garry Johnson

February 19, 2009

Members of the Children's Services Council
of Broward County
6301 NW 5th Way, Suite 3000
Fort Lauderdale, Florida 33309

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, 2008. 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, 2008 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, 2008, 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 positions held by virtue of their position.

The eleven Member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and six (6) members appointed by virtue of the office or position they hold within the

community. In March 2007, the governor reappointed one existing member and appointed four new members for four year terms. Council Members are responsible for setting policies and prioritizing program funding. Each member brings an understanding of the diverse and multi-cultural needs of the Broward community and a firm commitment to improving the welfare of children and their families.

The jurisdiction of the Council is contiguous with Broward County, one of the most diverse counties in Florida. The Council's mission is to provide the leadership, advocacy, and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning of a continuum of quality care. To accomplish this task, the statute allows for the Council to levy taxes up to .5 mills of the assessed property tax value. The Council is not a component unit of any other governmental unit nor does it meet the criteria to include any governmental organization as a component unit.

Operational Leadership

The CSC is marking the end of its seventh year of operations and has developed a leadership role within the child serving community. Our motto of "Our Focus is Our Children" guides the work of the Council and is evidenced every day through a single focus of providing leadership and services for children and their families. The Council's goals and objectives are very closely connected to the Broward County Children's Strategic Plan, which provides a valuable framework for the community to foster public dialog on trends and benchmarks and develop action plans for years to come.

With the economic downturn in mind and by using its convening power and advocacy efforts, the Council co-convened, along with other local funders, a Children's Budget Summit to strategize ways to minimize the effects of budget reductions. Using the Broward County Children's Strategic Plan as a framework, child advocates from across the County broke out into ten workgroups to identify strategies and principles for funders to consider when faced with likely budget cuts. This event also crystallized the community need for two long time Council initiatives: the Broward Training Collaborative and the Capacity Building Committee, both of which help support efficient and effective service delivery. The workgroups have continued to meet with the support of a Council funded facilitator to find more efficient ways to provide much needed services with shrinking resources.

The Council has provided a leadership role in a plethora of social service areas throughout the County and State. Some notable areas include: co-sponsoring a Call to Action conference addressing the disparity between black baby mortality rates as compared to white babies; helped lead the coordination of a county-wide effort to collect one million pounds of food to help replenish dwindling stocks from the local food pantries; was integral in the efforts to establish a state wide Florida Prosperity Partnership for organizations that engage in the Earned Income Tax Credit campaigns to more effectively support struggling families and provide education and other financial literacy resources.

Budget and Fiscal Policy

The annual budget serves as the foundation for the Council's financial planning and control. Council Members held a retreat in May, 2008 and using feedback from the Budget Summit and the on-going work of the committees from the county-wide Children's Strategic Plan, the goal setting cycle began by having a clear vision of the community's needs. Once the Council's goals are set, the staff researches the best evidence-based programs to address those needs, procures specific services through the social service network, and assesses the performance of programs to ensure the desired results were obtained. The final step is the calculation of the "return on investment" from a community-wide perspective to ensure that the programs truly make a difference within the community.

By statute, the Council must submit a tentative budget and millage rate to the Broward County Commission by July 1st. Once the final property tax values are determined by the Property Appraiser's Office, the Council must hold two public hearings in September as required under the Truth-in-Millage ("TRIM") Act. Each year, following the required disclosures and the conduct of hearings for taxpayer comment, the Council Members set the final tax rates and adopt a budget. The budget is prepared by function and transfers of appropriation between programs require Council Member 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.

Risk Management

The Council carries insurance policies with varying limits for workers' compensation, commercial insurance and directors and officer's liability. All premium expenditures are reported in the General Fund. The Council participates in a third party health care program for the employees.

Risk control procedures have been established to reasonably assure that the Council's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control procedures have been established to reduce possible losses to property owned or under the control of the Council. A Committee has been established to develop general office and fire safety procedures.

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 30% of the County's population are foreign born) add to the richness of the area. Broward County is a diverse multi-ethnic community with over 50 percent of residents considered minorities. However, the County has been deeply affected by the economic decline, which became apparent in the local community prior to being experienced throughout the State and nation. While the economic downward trend began with the housing crisis, it has affected many other social needs throughout the community. For example, the number of children living in Broward County below the poverty level inched up every year for the past three

years and is up 2.2% since 2004. Homeless households with children increased almost 35% between 2005 and 2007.

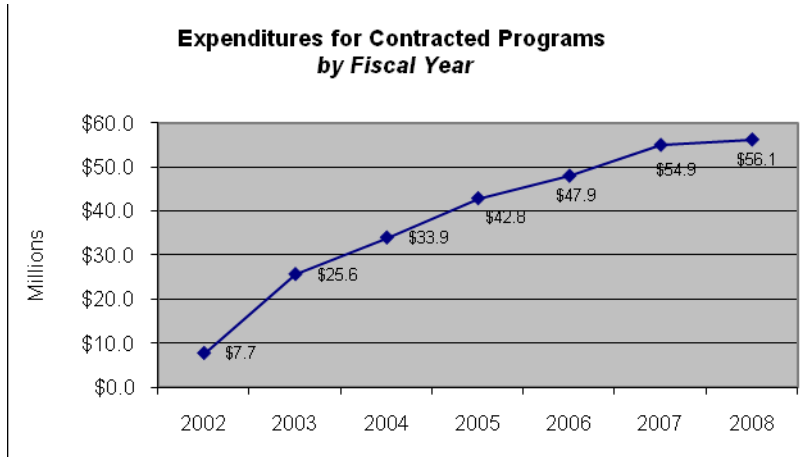
The economic slump has impacted the local demographics as evidenced by a 30% increase in the number of domestic out-migrants between 2002 and 2007. During this same time period, domestic in-migrants also dropped 17%, thus reducing Broward County's population. The decline in the number of children ages birth to 17 decreased 12,184 or 2.9% from 2006 to 2007. Although the number of children in the County has declined to some extent, it does not negate the increased need for services. Rather the need is even greater because of the economic weaknesses reverberating throughout the County.

Broward County has been very fortunate and has not suffered a direct impact from a hurricane in the past two years, although the effects of the previous years of bad hurricanes on the economy are still being felt through higher property insurance rates. The County's tourism rate continues to reflect a fairly strong presence of visitors to our community as confirmed by more than 14.5 million visitors, a 4.1% increase, from the same time period last year. Total tourist tax revenues were up 4% in 2008 making this the 6th consecutive year of increases; and hotel occupancy rose slightly up 1.5%. Additionally, the local airport is nearing completion of a \$700 million expansion project which added a Rental Car Center, a new terminal, renovation of three existing terminals, major roadway improvements and thousands of additional parking spaces. Port Everglades is poised to become the number one cruise port in the world in the next few years with the introduction of several very large new ships. Cruise travel infuses more than \$31 million in revenue annually and provides more than 200,000 jobs statewide through cruise travel and international trade activity. However, challenges moving forward within the tourism sector will continue as the national economic slowdown takes hold.

Broward County's housing market was one of the first communities nationally to feel the effects of higher foreclosures. The high number of homes and condominiums going into foreclosure has led to declining property values and a sales decrease of 10.7% for the first eight months of 2008. An additional factor in the slowdown of residential building activity is the shrinking availability of land. It is estimated that the County will have reached residential "build out" by roughly 2015.

Over the past few years, the Florida Legislature has taken multiple legislative actions to stem rising property taxes that will become effective within the next couple of fiscal years. To address double digit property value increases over the past five years, the Florida Legislature passed laws effective fiscal year 2008 that required all governments to reduce their millage rate to the prior year roll-back rate, plus a 3% reduction as a first step. They also tied future millage rate increases to the average growth in personal income for the State of Florida. Further, on January 29, 2008 the voters passed an amendment doubling the \$25,000 homestead exemption, except for school districts, which affects property values for fiscal year 2009. These limitations, when coupled with falling property values, means the next few years will bring reduced tax revenue at the same time that the economy is faltering and the need for children's programs and services is at its highest.

Even though the Council had to reduce its initial seven year ramp-up of programs and services for Broward’s children in this fiscal year, the strides made thus far have had quite a successful impact in the children’s services provider community. Expenditures for various children’s services within the community have increased substantially in the past seven years, as shown below. Although this trend may decline or even out in subsequent years as mentioned throughout this report, the Council’s funding and services for children and their families continues to provide a great community benefit of improving the quality of life while also providing an economic gain to the community by funding over 3,700 full time equivalent positions in the social services area.



Major Initiatives

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

- ◆ \$6.3 million of Council funding leveraged approximately \$3,234,296 in additional federal/state dollars to provide child care for 770 children each month. The total funding provided over 2,300 children of the “working poor”, historically an underserved population, with the opportunity for placements in subsidized child care.
- ◆ In partnership with the local School Board, the Council was awarded a grant from the Florida Department of Education, 21st Century Community Learning Centers (“21st CCC”) to fund afterschool programs at four low-performing high schools. Expenditures for this first year were approximately \$629,000 to provide a broad array of enrichment activities that support and complement student’s regular academic programs.
- ◆ For the sixth year, the Council partnered with the Internal Revenue Service and local human service providers to aggressively promote the Earned Income Tax Credit (“EITC”) program for working families. Since the inception of this outreach campaign, an additional \$80 million went directly into the pockets of eligible Broward County citizens. For fiscal year 2008, the Council

spent \$197,179, a 14.4% increase from the prior year, to promote and expand EITC. Over the years, the outreach has expanded to preparing tax returns at Volunteer Income Tax Assistance (“VITA”) sites and uses mobile units to travel to needy areas including disabled, low income communities, and areas with large numbers of non-English speaking residents. While final county-wide IRS figures for tax year 2007 are not yet available, we do know that at least \$7.1 million was generated from tax returns prepared at designated VITA sites, an increase of 2 percent from the prior year.

- ◆ Building upon the success over the past six years of the EITC campaign, the Council was a catalyst for the creation of the Florida Prosperity Partnership – a statewide collaborative to identify advocacy and policy issues that will bring about more financial relief for working families.
- ◆ The Council continues to work collaboratively at the state and national level to advocate on behalf of youth aging out of the foster care system. Increased funding for programs for this high risk population paved the way for new and creative relationships with new partners. For example, the Jim Moran Foundation now matches the Council’s \$1 million commitment with an additional \$250,000 in fiscal year 2008, increasing their commitment to \$340,000 for fiscal year 2009.
- ◆ 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.
- ◆ Revisions to the Council’s rating tool now promote demonstrated connections to neighborhoods and communities to be served. Additionally, the Council has provided training to child serving agencies to promote various types of culturally sensitive services for children and their families, a challenge for the Council and local providers to keep pace with the county’s ever changing demographic mix.
- ◆ The Council continued its progress for creating a seamless system of care for families with physical and developmental disabilities. The Special Needs Advisory Committee (“SNAC”) continues to create coalitions and workgroups to improve communication and access to services as identified in the Broward County Children’s Strategic Plan. The SNAC is essential to ensure that needed services for this population continue to grow in Broward County.
- ◆ Working with local partners, the Council funded a community-wide literacy needs assessment and action plan which will lay the groundwork for future initiatives to improve the Early Care and Education System.
- ◆ The Council continues to lead the community in tackling system changes to break down funding barriers while maintaining high standards of accountability and building the capacity of agencies to deliver services. The Council strives to provide leadership, trust, collaboration, and accountability in each of its initiatives in an effort to improve programs and ultimately children’s lives.

The Council's budget for fiscal year 2008-2009 is \$69.6 million, which includes a \$2.7 million budget carry forward from the prior fiscal year and \$5.3 million of fund balance; a slight decrease of \$433,000 from fiscal year 2007-2008. Using this \$8 million of existing funds, the Council was able to offset the reduction in millage rate as required by the new legislation, 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.

As an example of maximizing efficiencies, the Council continues to improve its ability to systematically track data, performance-based outcomes and the community impact of funded programs. A web-enabled database maintains provider demographic data and accounts for the reimbursement of expenditures by unit of service. The Council continues to work with state and local agencies on data sharing to enable compilation and analysis of performance outcome data. This comprehensive approach allows the Council to evaluate programs to ensure effective utilization. While national literature on social services' Return on Investment is an emerging area of research, the Council, along with our colleagues across the State, are on the cutting edge of that initiative.

Since its inception seven years ago, the Council adopted the Sterling management philosophy and has excelled in creating a dynamic and effective infrastructure. In keeping with best practices, management has implemented a Balanced Scorecard approach to aligning business practices.

Certificate of Achievement for Excellence on Financial Reporting

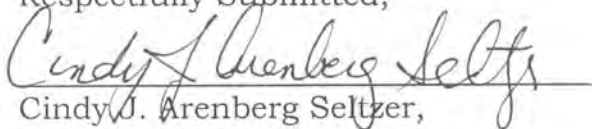
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Children's Services Council of Broward for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the sixth 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.

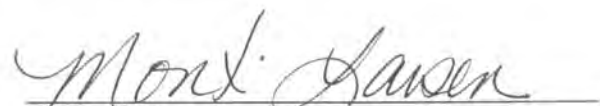
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

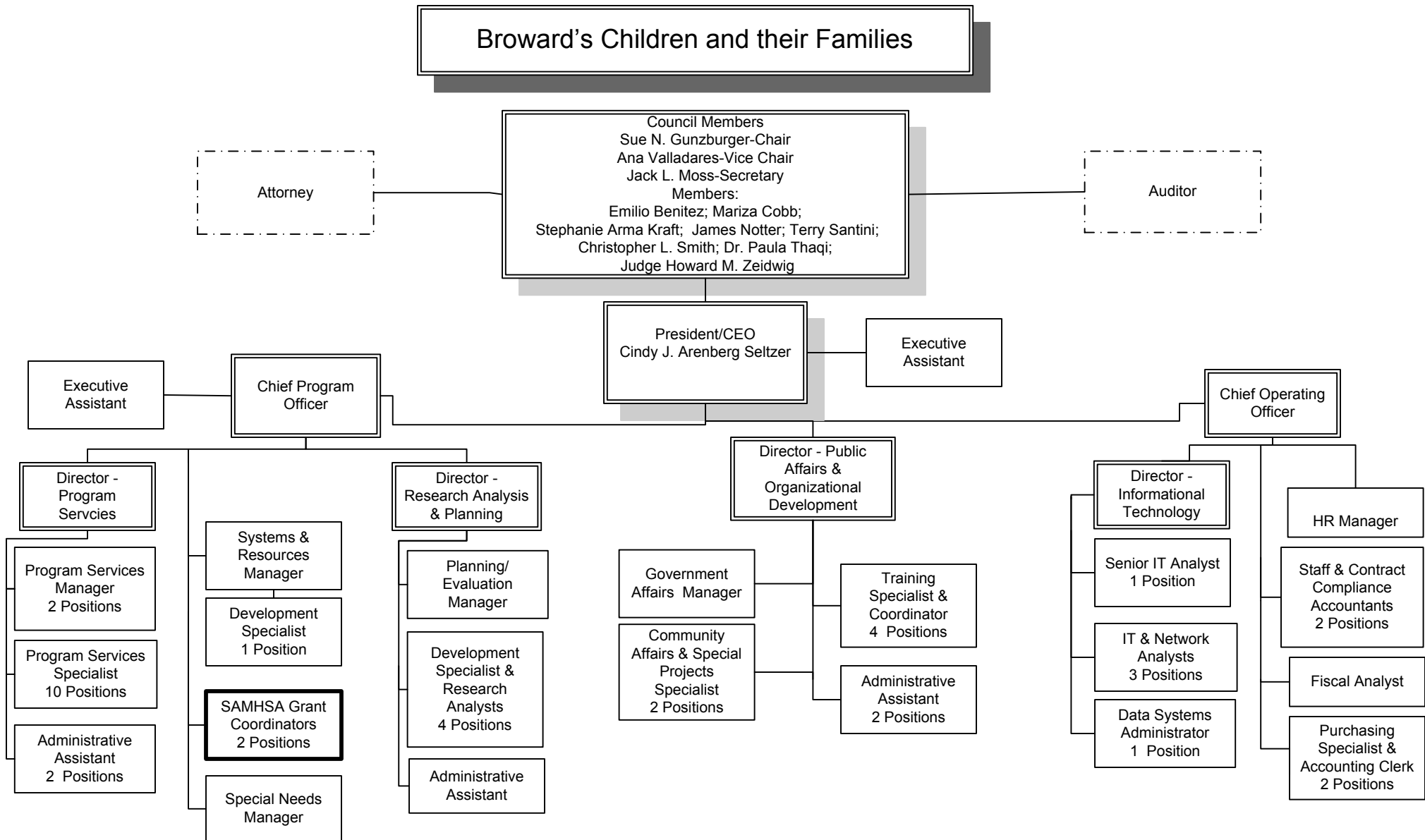

Cindy J. Arenberg Seltzer,
President/CEO


Monti Larsen,
Chief Operating Officer

Children's Services Council of Broward County

Organizational Chart and List of Principal Officials

Fiscal Year 2007-2008





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, 2007

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



President

Executive Director



Financial Section



KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

LOUIS R. PROIETTO, C.P.A.
CYNTHIA L. CALVERT, C.P.A.
JOHN E. McCULLOUGH, C.P.A. (RETIRED)
THOMAS T. CARPENTER, C.P.A. (RETIRED)
PAUL B. SNEIDER, C.P.A. (RETIRED)
BRIAN D. PINNELL, C.P.A. (RETIRED)

ISRAEL J. GOMEZ, C.P.A.
JAMES R. LARAWAY, C.P.A.

ROSS S. GOTTHOFFER, C.P.A.
HILLARY B. DAIGLE, C.P.A.

6550 NORTH FEDERAL HIGHWAY
SUITE 410
FORT LAUDERDALE, FLORIDA 33308
(954) 771-0896
FAX: (954) 938-9353
E-MAIL: kmc@kmc CPA.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Council
Children's Services Council of Broward County
Fort Lauderdale, 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, 2008, 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, 2008, and the respective change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 2009, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Children's Services Council of Broward County

The management's discussion and analysis and the budgetary comparison information on pages 3 through 18 and 42 through 45 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Council. The schedule of expenditures of Federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Fort Lauderdale, Florida
February 19, 2009

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

Our discussion and analysis of 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, 2008. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

Fiscal year ending September 30, 2008 concludes the seventh year of operations for the Council. This report highlights how the Council leads the way by working with community partners and investing in evidence-based programs and services for children and families throughout the County. Nearly 200 programs are delivered by over 86 community organizations who share the Council's mission/vision and commitment to children and excellence.

Net assets decreased from the prior year by \$737,146 and it is expected that this trend will continue in subsequent years as the Council appropriates these dollars to make up for declining property values and state property tax reform legislation. The following illustrates some of the Council's financial highlights:

- ◆ Levied tax revenue generated through the TRIM process decreased 2.34% from the prior year to \$60.1 million. This reduction was due to a 5% decrease, or \$8.8 billion, in lower property values throughout the County. New tax reforms required governments to reduce their millage rates for fiscal year 2008; thus the millage rate decreased 12.3% from .4073 mills to .3572 mills.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$25.5 million (net assets). Of this amount, \$25.3 million (unrestricted net assets) may be used to meet the Council's ongoing obligations to Broward's children and their families.
- ◆ In June 2008, the Council entered into a contract with a local developer to build a new 31,500 square foot office building to house the Council's headquarters. The agreement required \$2.5 million to be held in an escrow account and the remaining \$5.5 million will be paid at time the building is completed and a certificate of occupancy is issued. The estimated time of completion for this turnkey project is late summer 2009. Since the Council is precluded per state statutes from issuing any debt, the \$8 million Building Fund is reserved within fund balance and will be paid upon completion of the project.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

- ◆ The Council co-convened a Broward County Children's Budget Summit, during which community stakeholders met to discuss ways to minimize the harm caused by dwindling local resources for children's services. Using the County-wide Children's Strategic Plan as a framework, 150 advocates representing over 30 funders and service providers gathered to identify priority needs and strategies for funders to consider when reducing their budgets. Strategic plan workgroups have continued to meet regularly to find ways to maximize funding and provide more cost-efficient services to improve the well-being of children.
- ◆ The total cost of the Council's contracted services increased slightly from \$57.8 million in the prior year to \$59.5 million, or 2.8%, this fiscal year. This increase in contracted services was reallocated from fund balance to help ease the reduced tax revenue and provide the much needed programs and services. The following highlights key examples of the Council's goals and objectives for various initiatives:
 - Increased family strengthening programs by \$2.5 million, or 48%, to help reduce the incidence of child abuse and neglect within the community. These critical services are designed to keep families together by providing intensive in-home family therapy, parent training, case management and other support services. The Council works closely with a network of community partners involved in the child welfare system to coordinate resources, expedite service delivery and share information.
 - The Council realigned its goals and related programs to focus on services targeting middle and high school students, including youth with behavioral health and other special needs, and as a result an additional \$206,000 was expended in fiscal year 2008 from the prior year for this population. A new Request for Proposals ("RFP") was issued during the year and eleven new programs began operations in the summer of 2008. This is a very difficult population to engage and the Council is excited with the early positive results. Included in this goal is a youth employment component which increased by \$279,000, for a total of \$1.8 million, to provide 740 economically disadvantaged teens ages 16-18 with the opportunity to gain knowledge of the work environment and develop skills to succeed.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

- Expanded a successful, innovative program for high school teens with physical and developmental disabilities the same opportunities to work at various governmental, not-for-profit and private agencies. One hundred-nine youth with special needs successfully completed the Supported Training and Employment Program ("STEPS"), a 76% increase over the 62 teens served in the prior year. Youth are supported by on-site, professional "job coaches" at 27 worksites and for the majority of youth, it is the first time they experience the "workplace world." Building upon the success of STEPS, the Council launched the Learning Independence through Focused Transition programs ("LIFT") which provides social and job readiness skills for special needs youth not yet ready to enter the workplace. The new LIFT programs expended \$1.4 million to help special needs youth prepare for their transition towards greater independence.
- Increased services for youth aging out of the foster care system and transitioning into adulthood in conjunction with community partners such as the Jim Moran Foundation. With the Council's investment of over \$1 million and the foundation contributing \$250,000, expenditures increased 38.4%, or \$364,000, from the prior year. Leading the way by investing in transitional living has been quite successful: 89% of the 300 youth served were promoted to the next grade, graduated or obtained their GED, 95% postponed parenthood and avoided non-marital births, 81% demonstrated increased self esteem and peer/adult interactions and 95% demonstrated pro-social behaviors by avoiding new law violations.
- Delinquency diversion programs, titled New Delinquency Alternatives for Youth or "New DAY," were increased by 6.4% or \$131,000 for a total investment of \$2.2 million. The programs served over 1,700 youth with less serious law violations diverted from the juvenile justice system in fiscal year 2008. Over 88% of all youth referred successfully completed all diversion requirements which typically include community service, apology letters and/or restitution to victims, counseling to give youth a second chance, curfews, etc. Of those youth, 95% have stayed out of trouble with the law for at least a year after program completion.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

- Other programs were also expanded, including: School Health services by \$234,000; Kinship programs to provide advocacy and support for families providing relative care for children with dysfunctional home environments by \$69,000; and outreach services for the Kid Care insurance program by \$48,000. However, in this difficult economic climate, many other programs were reduced such as maternal and child health programs by \$294,000; SAFE, a program for court involved families requiring supervised visitation services by \$11,000; after-school programs located at libraries were trimmed by \$47,000; and behavioral health prevention programs were condensed, saving \$370,000.
- Out of school program expenditures for elementary age children decreased this fiscal year by 18.1%, or \$3.8 million, from the prior year due to a one-time cash infusion for summer programs in fiscal year 2007. While there was a decrease between the two fiscal years, these programs remain a large commitment, 31%, of the overall program budget. The after school and summer programs target three populations: lower income, typically developing children attending Title I schools, children and youth with physical, developmental, sensory or learning disabilities and children with behavioral health conditions that disrupt daily functioning. Services were provided in over 100 locations throughout the County, serving approximately 16,000 children this past year. Of note is that two-thirds of those children demonstrated academic improvements in the areas of reading and math.

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 19 and 21) 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 22. 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 27 – 40) provide additional information that is essential to a full understanding of

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

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 supplementary information in addition to the basic financial statements starting on page 42.

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 flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

It is anticipated that net assets will decrease over the next few years as the Council complies with recently enacted legislation that allows for additional property tax exemptions while also requiring lower millage rates. In January 2008, the Florida voters approved Amendment 1 to the Florida Constitution relative to property taxation that will be effective next fiscal year. Additionally, the South Florida area has been affected by the real estate slowdown with declining property values and higher foreclosure activity for fiscal year 2008-2009. The Council is responding very conservatively and will continue to maximize the services for Broward's children while maintaining a high level of accountability to the taxpayer. This expected decrease of net assets in the next few years is not an indication of deteriorating financial health of the Council. Rather, it is an anticipated expending of the accumulation from the initial operations of the Council.

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

Fund Financial Statements

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

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds (reported in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) in the reconciliation at the end of the related fund financial statement.

While some funds are required to be established by State law, currently the Council uses the General Fund and Special Revenue Fund as defined by the Governmental Accounting Standards Board ("GASB"). The General Fund is used to account for all financial resources except those required to be reported in another fund. The Special Revenue Fund is used to account for federal grants. Currently the Council has two main grants, one that is funded through Broward County from the Department of Health and Human Services-Substance Abuse and Mental Health Services Administration ("SAMHSA") and the other funded through the Broward County School Board from the Department of Education Twenty-first Century Community Learning Centers ("21st CCLC").

The Council adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for both funds and can be found starting on page 42 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 27 to 40 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The individual fund statements with budget to actual are found on pages 42 to 45 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 seventh year of generating tax revenue, assets exceeded liabilities by \$25.5 million at the close of the fiscal year.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Management's Discussion and Analysis
September 30, 2008**

As property values decrease and the Council's ability to increase its millage rate is constrained by State statute, the sizeable amount of net assets is expected to decrease in subsequent years. Thus, a reduction of net assets in subsequent years is planned and would not be an indication of the Council's deteriorating financial condition.

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

	FY 2008	FY 2007
Current and Other Assets	\$ 32,279,211	\$ 32,452,052
Capital Assets	225,220	307,042
Total Assets	32,504,431	32,759,094
Current and Other Liabilities	6,659,041	6,204,305
Long-Term Liabilities	331,754	304,007
Total Liabilities	6,990,795	6,508,312
Net Assets:		
Invested in Capital Assets	225,220	307,042
Unrestricted	25,288,416	25,943,740
Total Net Assets	\$ 25,513,636	\$ 26,250,782

- ◆ The slight decrease of \$172,841 in current and other assets from FY 2007 to FY 2008 was the spending down of cash as budgeted. The \$737,146 decrease in total net assets is due to lower than expected interest earnings and less revenue from taxes.
- ◆ Investments in capital assets decreased \$81,822 from the prior year. The decrease stemmed from a reduction of purchases, as well as capital assets coming off the schedule per their life cycle. Of the new capital assets purchased in the current fiscal year, 82% or \$79,144 are for program related capital items used at direct service provider locations. The remaining \$16,803 or 18% are for administrative purposes for replacement of computer equipment. Depreciation expense totaled \$177,769 and finally, there are \$14,244 fully depreciated provider related capital assets that were transferred to the appropriate programs.
- ◆ The current and other liabilities category is comprised primarily of accounts payable, which increased \$454,736, and is chiefly due to the timing of provider invoices for September services and accounting for unearned

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

revenue from the two federal grants. The long-term liabilities category reflects the estimated amount for compensated absences that may be paid in the future. The \$27,747 increase is a result of higher accrual balances.

- ◆ Unrestricted net assets decreased \$655,324 from the prior year as anticipated. Furthermore, several programmatic initiatives totaling \$2.7 million that began in the current fiscal year will be carried forward into the subsequent fiscal year and an additional \$5.3 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.

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

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

	FY 2008	FY 2007
Revenues:		
Property Taxes	\$ 60,092,171	\$ 61,533,409
Investment Earnings	1,095,569	2,672,542
Other	1,465,546	649,278
Total Revenues	<u>62,653,286</u>	<u>64,855,229</u>
Expenses:		
Contracted Programs	59,486,413	57,844,694
General Administration	2,348,431	2,305,758
Community Redevelopment and Tax Collector Fees	1,555,588	1,593,271
Total Expenses	<u>63,390,432</u>	<u>61,743,723</u>
Increase (Decrease) in Net Assets	(737,146)	3,111,506
Net Assets - Beginning of Year	26,250,782	23,139,276
Net Assets - End of Year	<u>\$ 25,513,636</u>	<u>\$ 26,250,782</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2008, property taxes totaled \$60.1 million, a reduction of 2.34% or \$1.4 million. The Florida Legislature passed laws that became effective fiscal year 2007/08 that required all governments to reduce their millage rate to the prior year roll-back rate plus a 3% reduction. Although the

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

Council is authorized to levy up to .5 mills, because of these new requirements the property tax levy decreased 12.3% to .3572 mills from .4073 mills. While this decrease in property values and millage rates resulted in lower revenue, the Council used fund balance in order to not reduce much needed services to meet the identified needs for Broward County's children and their families in these hard economic times.

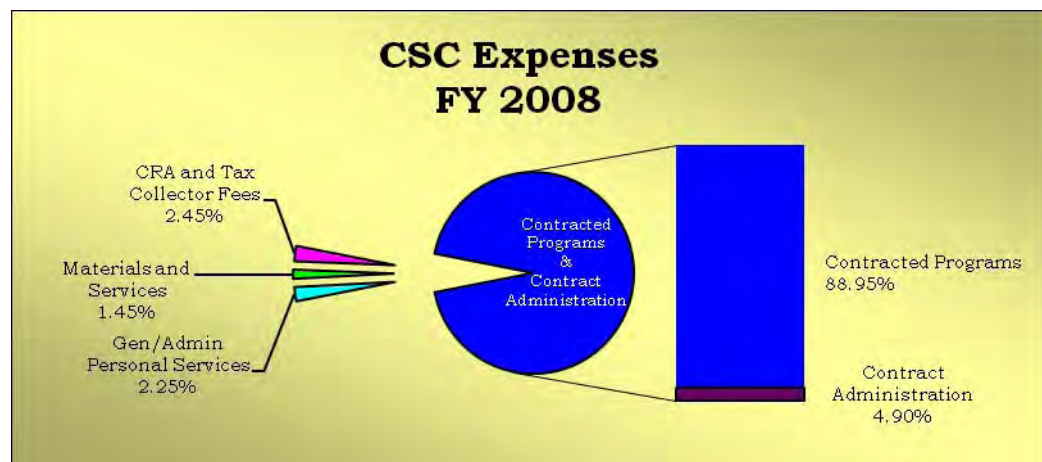
- ◆ **Investment earnings** totaled \$1.1 million in fiscal year 2008, a drastic decrease from the prior year. This was due to much lower interest rates than anticipated and not earning interest for the month of November 2007 due to problems with the Florida Local Government Funds Surplus Trust Fund. The Council earns interest revenues by placing idle cash with the Florida Local Government Funds Surplus Trust Fund and Evergreen Investments, in accordance with the Council's investment policy.
- ◆ **Other revenue** includes grants, training registration and miscellaneous revenue and for the current year equals \$1,465,546, a significant increase of \$816,268 from the prior year. The increase stems primarily from an additional federal grant award and partnerships with local foundations. The federal grants represent 64.1% or \$939,901 of Other Revenue. The remaining amount of Other Revenue consists of \$183,830 reimbursement from the Federal Title IV-E Foster Care Program through an agreement with State of Florida Department of Children and Families; \$30,000 from the Broward Healthy Start Coalition, Inc. for a fetal infant mortality conference; \$273,609 from partnerships with local foundations; \$24,426 training registration fees; and \$13,780 miscellaneous revenues.
- ◆ **Expenses for Contracted Programs** and related administration totaled \$59.5 million in fiscal year 2008, a 2.8% increase or \$1.6 million from fiscal year 2007. The majority of the increase, \$1.2 million, stems from a new Twenty-first Century Community Learning Centers ("21st CCLC") grant and additional services for children and families. The remaining \$400,000 added expense includes filling vacant positions for contract administration staff and the reclassification of software maintenance used to collect data by the providers. While the need for these three contract administration positions was identified in the prior year to better analyze, report community outcomes and manage the high volume of contracts, it took time to fill all of the vacancies. As the graph on the following page illustrates, 93.85% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 88.95% are directly contracted to local service providers.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

- ◆ **Expenses for General Administration** totaled \$2.3 million in fiscal year 2008, a slight increase of \$42,673 from fiscal year 2007. Moreover, general administrative costs only represent 3.70% of the overall expenses, which demonstrates the Council's fiscal prudence, a very resourceful staff and comprehensive data collection systems. The Council's focus continues to be providing services and expanding programs where possible throughout the community with minimal administration costs. The Community Redevelopment and Tax Collector fees, discussed in the following paragraph, make up the remaining 2.45% of the administrative expense.
- ◆ **Community Redevelopment and Tax Collector fees** for fiscal year 2008 decreased slightly by 2.4% or \$37,683 for a total of \$1,555,588. The Tax Collector fees are based on the operating budget of the Property Appraisers Office and are allocated among the taxing districts. 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. Conversely, in those districts wherein the Council and the CRA have formed a partnership, over \$1.1 million or 43% of the total CRA fees were provided in programs and services in lieu of fees. This is the result of successful collaborations between the Council and many of the CRA Districts to use these fees in the form of programs and services for children in these targeted communities. Additionally, the Council is continuing negotiations with the few remaining CRA's in an ongoing effort to dedicate this funding for children's services in those respective areas.

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2008.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

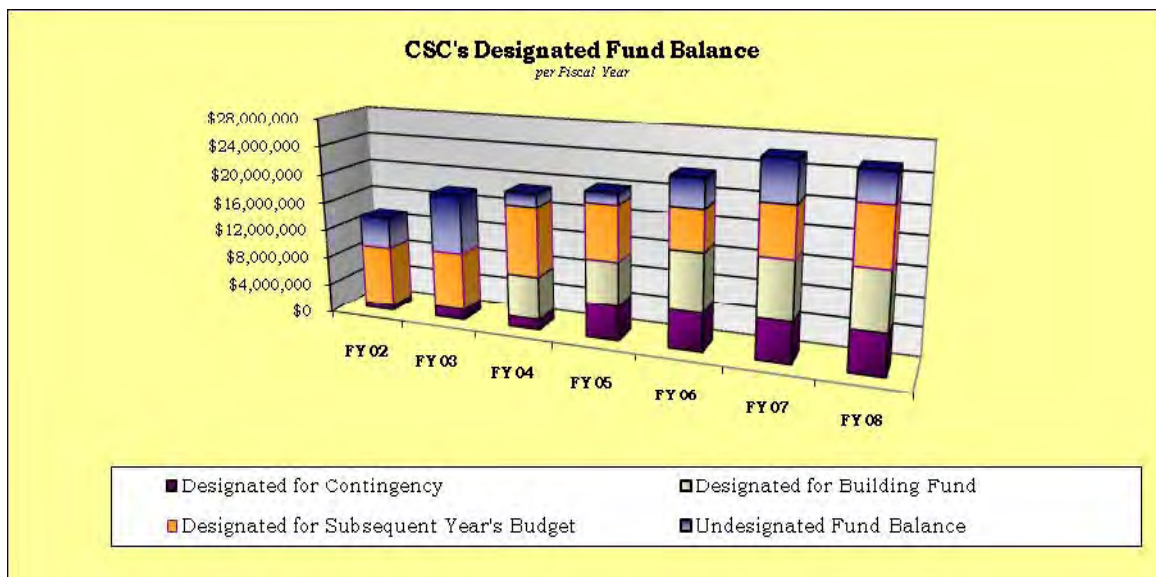
Analysis below separately considers the operations of governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its seventh year of operations, the governmental funds (as presented in the balance sheet on page 22) reported a total fund balance of \$25.6 million. Included in the fund balance is \$104,426 reserved for prepaid expenditures and \$8 million reserved for a Building Fund. The term "reserve" should only be used to identify that portion of fund balance that is not available for appropriations or is legally segregated for a specific purpose.

- ◆ **Designated fund balance** amounts are not the same as reservations of fund balance as they represent planned actions, not an actual commitment. Accordingly, \$7.9 million is designated for the subsequent year's budget; thereby, effectively reducing the necessary millage rate for fiscal year 2008-2009. An additional designation of fund balance includes \$5.6 million for contingency that the Council may appropriate as deemed necessary. This leaves a remaining undesignated fund balance of nearly \$4 million. Total fund balance decreased \$624,668 from the prior year due to spending down the fund balance as expected.

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



- ◆ **Budget amendments** are prepared over the course of the year allocating appropriations from one line item to another to prevent budget overruns. Actual charges (expenditures) to appropriations (budget) were \$7.8 million below the final budget amounts.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

- ◆ **Budget variances** - The most significant positive variance (\$6.9 million) occurred in Contracted Programs reflected in the Council's General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual found on pages 42-43. This variance is due to several factors related to programs and services. To illustrate:
 - The Council released two separate Requests for Proposals (“RFP”) within the fiscal year wherein the contracts for services spanned fiscal years. While many governments issue RFP's for services to begin in subsequent years, the Council has taken the position of implementing services to the community as quickly as possible. Therefore, the total annualized budget committed to a specific service category may not be fully utilized in the year allocated. The portion of the budget variance that will be carried forward for contracted programs into the subsequent fiscal year totaled \$2.7 million.
 - For most contracts, the Council requires that service provider's invoice be based on “units of service”, not reimbursement of expenses. Consequently, if a provider does not provide all of the services that were anticipated, the contract is under-utilized. This method of invoicing allows the Council to only pay for services actually provided. The Council monitors utilization throughout the year and continues to work closely with those providers to help them provide the services and, therefore, utilize the available funds. The budget variance affected by under-utilization of the contracts totaled nearly \$2 million.
 - The budget for FY 08 included approximately \$2 million that was not allocated to any specific program but may be appropriated in the subsequent fiscal year. Because the local economic condition began to deteriorate, the Council purposefully left over \$1 million unallocated to prepare for the drop in available property tax revenue. Additionally, within the unallocated funds included a \$643,500 initiative to fund and lead the literacy strategic plan which focused on strengthening the quality of early child-care providers. To lead that initiative, the Council partnered with a local foundation to hire staff and gather additional data to ensure a comprehensive solution. Once the strategic plan is completed, funds may once again be budgeted.
 - Monitoring contracted programs, both programmatically and administratively/financially, reflects a variance in the amount of \$91,979. This variance was due to over-estimating the cost of conducting reviews for the contracted programs. The actual

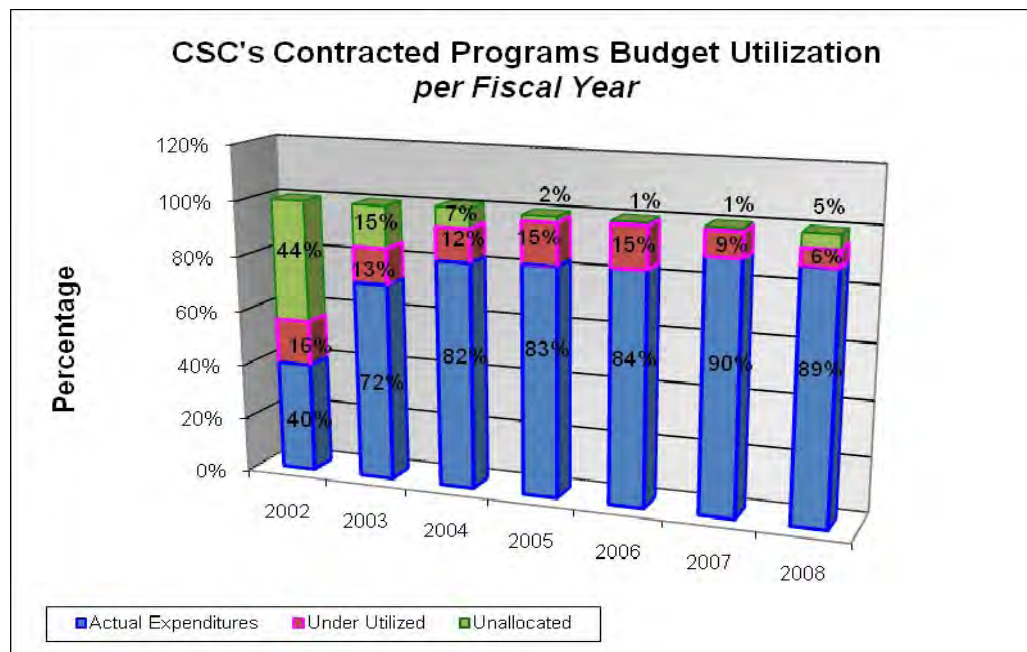
CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

monitoring is conducted using a dual approach with service experts reviewing the functional area aligned with their expertise. For example, Council staff with advanced degrees, off-duty teachers and doctoral students conduct programmatic monitoring. A cadre of local accounting firms conduct the administrative/financial monitoring for all CSC funded programs. This methodology has been very successful; providing useful information which is used to improve program design, as well as to inform the training and technical assistance offered to the providers.

- The variance of \$120,866 for consultants and \$247,098 for computer hardware and software are both related towards the oversight of construction and equipping the new office building. These amounts were carried forward to the upcoming fiscal year. The Council entered into a contract to engage an owner's representative to help oversee the on-going construction progress and to be the Council's liaison with the developer. The funds for the computer hardware and software will be used to purchase new equipment necessary for the new building.

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



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

Alternatively, resources available for appropriation (revenues) were \$1.4 million less than the final budgeted amount. This negative variance was primarily the result of lower than expected interest earnings and less than anticipated revenue generated through miscellaneous local sources.

OTHER ASSETS and OTHER OBLIGATIONS

At the end of fiscal year 2008, the Council had \$225,220 invested in capital assets. These assets are primarily the computer hardware and related 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 12 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. More detailed information about the Council's long-term liabilities is presented in Note 8 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 2008 budget and tax rates. Council Members continue to be very cautious in setting the tax rate, weighing their desire to meet the expanding need for services against the service provider capacity to deliver quality services. The Council is also mindful of the present fund balance, the .5 mill maximum tax levy and pressures in the local economy related to escalating property taxes and insurance rates.

A snapshot of the local economy presents a complex mix of economic indicators wherein downward trends in the housing market were experienced locally prior to becoming apparent throughout the state and country. Foreclosures in Broward County increased significantly from a total of 516 in 2006 to 3,616 in 2007, a 600% increase, and foreclosures are expected to increase even higher in the upcoming year. For example, in August 2008 1 in 416 U.S. households received foreclosures filings as compared to 1 in 194 households in Florida and 1 in 112 households in Broward County. This extremely high number of foreclosures and the continued trend for 2008-2009, drives property values downward and has had a wide reaching impact within the local economy. To illustrate, 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2008

Unemployment in Broward County as of September 2008 increased dramatically to 6.1% up from 3.9% at the same time last year versus 3.3% in September 2006. New claims for unemployment for the first eight months of 2008 outpaced the respective monthly data for the past sixteen years and may be on track to exceed the amount recorded in 1991, a recession year. However, the local unemployment data is notably less than the State's unemployment rate of 7.3% and slightly lower than the national rate of 6.2% as of September 2008. 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.

Inflation in the greater Fort Lauderdale/Miami region continues to be higher than the national Consumer Price Index (CPI) increase. The region's CPI was 5.8% as of August 2008 compared with the average U.S. city rate of 4.9% for the same period. Inflation is higher in this region due in part to the vulnerability of hurricanes (although there has not been a major storm in the area for two years), the high cost of property taxes and insurance, food, energy, etc. Because property values rose so rapidly in the past few years, the Florida legislature passed laws that required all governments to reduce their millage rate to the prior year roll-back rate plus a 3% reduction for fiscal year 2007-08. Hence, the Council lost a degree of flexibility in developing the budget even though it has not yet reached the maximum millage rate of .5 mills. However, the Council continues to research and analyze the needs of Broward's children and their families and set the budget accordingly.

At present, Council goals and objectives are shaped using the County-wide Children's Strategic Plan, input from the community and staff. The budget is then developed around those identified service and system needs. Additionally, the Council members voted to appropriate \$7.9 million of fund balance in the subsequent fiscal year. This carry forward, allowed the Council members to maintain most of the on-going programs with only a slight increase in the millage rate to .3754 mills for the upcoming 2008-2009 fiscal year.

REQUESTS FOR INFORMATION

This financial report has been designed to provide Broward County's citizens, taxpayers and providers with a general overview of CSC's finances and to show CSC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Operating Officer at 6301 NW 5th Way, Suite 3000, Ft. Lauderdale, Florida 33309 or visit the Council's website at: www.cscbroward.org.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Net Assets
September 30, 2008

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 3,042,979
Investments	26,336,533
Cash and Investments with Escrow Agent	2,502,428
Taxes Receivable	148,158
Accounts and Interest Receivable	12,717
Due from Other Governments	131,970
Prepaid Expenses	104,426
Total Current Assets	32,279,211
Other Assets:	
Capital Assets, Net of Accumulated Depreciation:	
Computer Hardware/Software	199,911
Equipment	25,309
Total Capital Assets, Net	225,220
Total Assets	32,504,431
LIABILITIES	
Current Liabilities:	
Accounts Payable	6,548,044
Salaries and Fringe Benefits Payable	18,707
Unearned Revenue	56,631
Compensated Absences:	
Expected to be paid within one year	35,659
Total Current Liabilities	6,659,041
Noncurrent Liabilities:	
Compensated Absences:	
Expected to be paid after one year	331,754
Total Liabilities	6,990,795
NET ASSETS	
Invested in Capital Assets	225,220
Unrestricted	25,288,416
Total Net Assets	\$ 25,513,636

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, 2008

	Governmental Activities
Expenses:	
Contracted Programs:	
Contract/Direct Services	\$ 56,378,547
Contract Administration	3,107,866
Total Contracted Programs	59,486,413
General Administration:	
Personal Services	1,430,511
Materials and Services	917,920
Community Redevelopment and Tax Collector Fees	1,555,588
Total General Administration	3,904,019
Total Expenses	63,390,432
Program Revenue:	
Grant Funding, Restricted	939,901
Net Program Expense	62,450,531
General Revenues:	
Property Taxes	60,092,171
Investment Earnings	1,095,569
Grant Funding, Unrestricted	213,830
Miscellaneous Local	311,815
Total General Revenues	61,713,385
Change in Net Assets	(737,146)
Net Assets - Beginning of the Year	26,250,782
Net Assets - End of the Year	\$ 25,513,636

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, 2008

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Current Assets:			
Cash	\$ 3,037,405	\$ 5,574	\$ 3,042,979
Investments	26,336,533	-	26,336,533
Cash and Investments with Escrow Agent	2,502,428	-	2,502,428
Taxes Receivable	148,158	-	148,158
Accounts and Interest Receivable	12,702	15	12,717
Due from Other Governments	20,679	111,291	131,970
Due from Other Fund	50,118	-	50,118
Prepaid Expenditures	104,426	-	104,426
Total Assets	\$ 32,212,449	\$ 116,880	\$ 32,329,329
LIABILITIES and FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 6,481,282	\$ 66,762	\$ 6,548,044
Salaries and Fringe Benefits Payable	18,707	-	18,707
Due to Other Fund	-	50,118	50,118
Deferred Revenue	56,631	-	56,631
Total Liabilities	6,556,620	116,880	6,673,500
Fund Balance:			
Reserved for:			
Reserved for Building Fund	8,000,000	-	8,000,000
Reserved for Prepaid Expenditures	104,426	-	104,426
Unreserved/Designated for:			
Designated for Subsequent Year's Budget	7,980,691	-	7,980,691
Designated for Contingency	5,602,551	-	5,602,551
Undesignated Fund Balance	3,968,161	-	3,968,161
Total Fund Balance	25,655,829	-	25,655,829
Total Liabilities and Fund Balance	\$ 32,212,449	\$ 116,880	\$ 32,329,329

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, 2008

Fund Balances - Total Governmental Funds (page 22) \$ 25,655,829

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	\$ 1,214,887	
Less accumulated depreciation	<u>(989,667)</u>	225,220

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

Total compensated absences	(367,413)
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Net Assets of Governmental Activities (page 19)	<u><u>\$ 25,513,636</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 - Government Funds
For the Year Ended September 30, 2008

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 60,092,171	\$ -	\$ 60,092,171
Grant Funding	213,830	939,901	1,153,731
Investment Earnings	1,095,569	-	1,095,569
Miscellaneous Local	311,815	-	311,815
Total Revenue	<u>61,713,385</u>	<u>939,901</u>	<u>62,653,286</u>
Expenditures:			
Current:			
Contracted Programs:			
Contract/Direct Services	55,359,603	751,673	56,111,276
Monitoring/Outcome Materials	267,271	-	267,271
Total Contracted Programs	<u>55,626,874</u>	<u>751,673</u>	<u>56,378,547</u>
Contract Administration:			
Employee Salaries and Benefits	2,779,507	174,875	2,954,382
Other Consultants	1,350	-	1,350
Material and Supplies	14,179	733	14,912
Printing and Advertising	3,620	1,713	5,333
Software Maintenance	53,440	-	53,440
Travel and Other Expenditures	31,125	10,907	42,032
Total Contract Administration	<u>2,883,221</u>	<u>188,228</u>	<u>3,071,449</u>
General Administration:			
Employee Salaries and Benefits	1,406,045	-	1,406,045
Legal Fees	26,157	-	26,157
Auditors and Other Consultants	139,221	-	139,221
Materials and Supplies	35,178	-	35,178
Printing and Advertising	10,377	-	10,377
Other General Administration	501,028	-	501,028
Telecommunications	38,234	-	38,234
Travel and Other Expenditures	80,667	-	80,667
Tax Collection Fees	365,198	-	365,198
Community Redevelopment Area Fees	1,190,390	-	1,190,390
Total General Administration	<u>3,792,495</u>	<u>-</u>	<u>3,792,495</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Revenues, Expenditures and
Changes In Fund Balance - Government Funds
For the Year Ended September 30, 2008, (Continued)

	General Fund	Special Revenue Fund	Total Governmental Funds
Capital Outlay:			
Computer Hardware/Software	32,852	-	32,852
Furniture/ Equipment	2,384	-	2,384
Remodeling/Renovations	227	-	227
Total Capital Outlay	35,463	-	35,463
Total Expenditures	62,338,053	939,901	63,277,954
Net Change in Fund Balance	(624,668)	-	(624,668)
Beginning Fund Balance	26,280,497	-	26,280,497
Ending Fund Balance	\$ 25,655,829	\$ -	\$ 25,655,829

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 Balances
of Governmental Funds to the
Statement of Activities
For the Year Ended September 30, 2008

Net Change in Fund Balances	
Total Governmental Funds (page 25)	\$ (624,668)

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

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

Expenditures for capital assets	\$ 95,947	
Less current year depreciation	(177,769)	(81,822)

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	(30,656)
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Change in Net Assets of Governmental Activities (page 21)	\$ (737,146)
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Notes to the Financial Statements are an integral part of this statement

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

1. DESCRIPTION OF THE CHILDREN'S SERVICES COUNCIL

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

a. Reporting Entity, (Continued)

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

b. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Council uses a General Fund and a Special Revenue Fund to account for certain federal grants.

c. Measurement Focus and Basis of Accounting

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

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

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

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

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

d. Major Funds

The Council reports the following governmental funds:

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

e. Budgets and Budgetary Accounting

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

f. Cash and Investments

The Council utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Florida Statutes authorize a variety of investment mechanisms and the Council follows this best practice by diversifying its investments between the Local Government Surplus Funds Trust Fund and Evergreen Investments. The Local Government Surplus Funds Trust Fund is a state pool managed by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. In order to accommodate pool participants with readily available cash, a substantial portion of the portfolio is placed in short-term securities ("LGIP") and with the recent downgrade of certain subprime investments held by the fund, a smaller portion of the pool now includes longer maturities and higher credit risk ("Fund B"). According to the SBA, the pool follows GASB Statement No. 31 which outlines two options for accounting and reporting for money market investment pools as either "2a-7 like fund" or fluctuation net asset value ("NAV"). Accordingly, the Council's investment in the LGIP 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. Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

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

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

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

g. Inventory and Prepaid Items

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

h. Encumbrances

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

i. Capital Assets

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

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

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

<u>Asset</u>	<u>Years</u>
Computer Hardware/Software	3
Furniture and Equipment	5

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

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

j. Compensated Absences

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

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

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

k. Fund Balance

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

l. Use of Estimates

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

m. Unearned Revenue / Deferred Revenue

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

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.

Deposits

Florida statutes authorize the deposit of the Council funds in demand deposits or time deposits of financial institutions approved by the State Treasurer and are defined as 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, 2008, the carrying amount of the Council's deposits was \$3,042,979 with a bank balance of \$5,208,919. The Council's deposits at year end are considered insured for custodial credit risk purposes.

As of September 30, 2008, the Council has cash deposits amounting to \$102,428 held in an account with an Escrow Agent as required in the contract terms for the purchase of a new office building (see Note 13). The banking institution is a QPD and balances held are covered under federally issued amounts.

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, collateralized repurchase agreements, and money market funds which are the only vehicles the Council is currently utilizing.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

3. DEPOSITS AND INVESTMENTS, (Continued)

Cash and investments as of September 30, 2008 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
	<u>\$</u>		<u>\$</u>
Cash Deposits	3,042,979	-	3,042,979
Investments with the SBA:			
LGIP	14,031,663	8.5 days	14,031,663
Fund B net of Unrealized Loss	742,982	9.4 years	742,982
Evergreen Investments:			
Treasury Money Market Fund	10,299,857	39 days	10,299,857
Institutional US Government Money Market Fund	1,262,031	17 days	1,262,031
Total Investments	<u>26,336,533</u>		<u>26,336,533</u>
Cash and Investments with Escrow Agent:			
Cash Deposits	102,428		102,428
Repurchase Agreements	2,400,000	See *	2,400,000
Total with Escrow Agent	<u>2,502,428</u>		<u>2,502,428</u>
Total Cash and Investments	<u>\$ 31,881,940</u>		<u>\$ 31,881,940</u>

* On demand account with underlying securities in Federal Home Loan Bank bonds with year 2017 maturity

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 2008 were invested with the SBA and Evergreen Investment Services Inc. The SBA LGIP fund and money market funds held by Evergreen Investment Services, Inc. are AAAM rated by Standard and Poors and investments into these funds are consistent with SEC rule 2a-7. The SBA Fund B is not rated by any nationally recognized statistical rating agency. Securities held under repurchase agreements with an escrow agent are rated AAA by Standard and Poors.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2008**

3. DEPOSITS AND INVESTMENTS, (Continued)

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 any investments with long-term maturities that are subject to significant fair value losses arising from increasing interest rates.

Concentration Credit Risk

GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. External investment pools and investments issued or explicitly guaranteed by the U.S. government are exempt from concentration risk disclosures. Securities held under repurchase agreements with an escrow agent represent approximately 9% of the total investment of the Council.

4. ACCOUNTS AND INTEREST RECEIVABLE

Accounts and Interest Receivable at September 30, 2008 consists of the following:

	General Fund
Interest Receivable	\$ 12,198
Other	248
Registration Fees	215
Employee Reimbursements	56
Total Accounts Receivable	<u>\$ 12,717</u>

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at September 30, 2008 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 50,118	\$ -
Special Revenue Fund	-	50,118
Total	<u>\$ 50,118</u>	<u>\$ 50,118</u>

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

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 2008 was 0.3572 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, 2008 upon which the fiscal year 2008 levy was based, was approximately \$177 billion.

The Florida Legislature passed laws that became effective fiscal year 2008 that required all governments to reduce their millage rate to the prior year roll-back rate plus a 3% reduction. Thus, this was the first year that the requirement was in effect and as a result, the Council's millage rate was reduced .0501 mills or 12.3% in order to comply with the law.

A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the Council based on the amount of receipts reported by the County Tax Collector. Property taxes receivable from the tax collector at September 30, 2008 is \$148,158.

7. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2007	Additions	Deletions	Balance at Sept 30, 2008
Capital Assets:				
Computer Hardware/Software	\$ 957,618	\$ 95,947	\$ -	\$ 1,053,565
Furniture and Equipment	175,566	-	(14,244)	161,322
Total Capital Assets	1,133,184	95,947	(14,244)	1,214,887
Less Accumulated Depreciation:				
Computer Hardware/Software	703,799	149,855	-	853,654
Furniture and Equipment	122,343	27,914	(14,244)	136,013
Total Accumulated Depreciation	826,142	177,769	(14,244)	989,667
Capital Assets, Net	\$ 307,042	\$ (81,822)	\$ -	\$ 225,220

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2008**

7. CAPITAL ASSETS ACTIVITY, (Continued)

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

Contract Administration	\$ 109,370
General Administration	<u>68,399</u>
Total Depreciation Expense	<u><u>\$ 177,769</u></u>

8. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for fiscal year ended September 30, 2008:

	Beginning Balance Oct 1, 2007	Increases	Decreases	Ending Balance Sept 30, 2008	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 327,502	\$ 257,546	\$ (228,455)	\$ 356,593	\$ 35,659
Sick Leave Accrual	9,255	26,325	(24,760)	10,820	-
Total Compensated Absences	<u>\$ 336,757</u>	<u>\$ 283,871</u>	<u>\$ (253,215)</u>	<u>\$ 367,413</u>	<u>\$ 35,659</u>

9. OPERATING LEASES

The Council is committed under various operating leases for the office space and copying equipment. Lease expenditures for office equipment for the year ended September 30, 2008 amounted to approximately \$21,900. The current facility expense for the fiscal year ended September 30, 2008 was approximately \$388,600. Future minimum lease payments for these leases are approximately as follows:

Fiscal Year Ending September 30,	Minimum Equipment Lease Payment	Minimum Office Lease Payment	Total
2009	23,700	200,100	223,800
2010	14,700	-	14,700
2011	2,100	-	2,100
2012	200	-	200
2013	-	-	-
	<u>\$ 40,700</u>	<u>\$ 200,100</u>	<u>\$ 240,800</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2008**

9. OPERATING LEASES, (Continued)

The current office lease expires March 31, 2009 and the Council will continue on a month-to-month basis until the new office building is completed. The current lease clause includes a double rent penalty; however, the contract for the new building also includes a penalty clause beginning May 1, 2009 which will be sufficient for penalties assessed to the Council. The projected completion date for the new building is mid-summer 2009.

10. 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, 2008 the Council reported \$1,153,731 in grant funding, including state matching funds amounting to \$91,915 from the State of Florida Department of Children and Families. Reference should be made to the Schedule of Expenditures of Federal Awards on page 76.

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>Grant Amount</u>
Department of Health and Human Services			
Pass through the Broward County Board of Commissioners - CMHS			
Child Mental Health Service Initiative	2008	06-CSAD-8838-01	\$ 750,000
Department of Education			
Pass through School Board of Broward County, FL			
21st Century Community Learning Centers	2008	----	207,115
			<u>\$ 957,115</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

11. 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 FL Department of Management Services, Division of Retirement, 2639 N. Monroe Street, Building C, Tallahassee, FL 32399.

Funding Policy: FRS is non-contributory for employees and the Council is required to contribute an actuarially determined rate. At the end of the fiscal year, the rate was 9.85% for regular employees and 13.12% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2008, 2007 and 2006 were \$323,773, \$300,660 and \$237,240 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.

12. INSURANCE ACTIVITIES

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2008

12. INSURANCE ACTIVITIES, (Continued)

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

13. OTHER COMMITMENTS AND CONTINGENCIES

Council Members approved renewing contracts, as well as designating a portion of fund balance for various programs for the subsequent year in the amount of approximately \$8 million. This amount is appropriated in the fiscal year 2008-2009 budget.

In December, 2007 the Council Members entered into a previously approved final contract for a turnkey project to build a new 31,500 square foot building to house the Council's headquarters. Since the Council is precluded per state statutes from issuing any debt, the contract required an escrow payment of \$2.5 million (see Note 3) and a final payment of \$5.5 million once the certificate of occupancy is issued. The projected completion date is June 2009. The \$8 million Building Fund is reserved within fund balance and will be paid upon completion of the project.



**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, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Ad Valorem Taxes	\$ 60,078,570	\$ 60,078,570	\$ 60,092,171	\$ 13,601
Grant Funding	180,000	210,000	213,830	3,830
Investment Earnings	2,500,000	2,500,000	1,095,569	(1,404,431)
Miscellaneous Local	275,000	355,000	311,815	(43,185)
Total Revenues	63,033,570	63,143,570	61,713,385	(1,430,185)
Expenditures:				
Contracted Programs:				
Contract/Direct Services	62,106,372	62,252,372	55,359,603	6,892,769
Monitoring/Outcome Materials	359,250	359,250	267,271	91,979
Total Contracted Programs	62,465,622	62,611,622	55,626,874	6,984,748
Contract Administration:				
Employee Salaries and Benefits	2,930,014	2,930,014	2,779,507	150,507
Other Consultants	4,000	4,000	1,350	2,650
Material and Supplies	18,375	19,674	14,179	5,495
Printing and Advertising	6,525	6,475	3,620	2,855
Software Maintenance	58,000	56,701	53,440	3,261
Travel and Other Expenditures	36,594	41,644	31,125	10,519
Total Contract Administration	3,053,508	3,058,508	2,883,221	175,287
General Administration:				
Employee Salaries and Benefits	1,464,209	1,464,209	1,406,045	58,164
Legal Fees	45,000	45,000	26,157	18,843
Auditors and Other Consultants	127,300	260,087	139,221	120,866
Materials and Supplies	58,430	44,040	35,178	8,862
Printing and Advertising	16,000	17,146	10,377	6,769
Other General Administration	534,619	539,265	501,028	38,237
Telecommunications	58,000	58,000	38,234	19,766
Travel and Other Expenditures	151,289	148,144	80,667	67,477
Tax Collection Fees	411,923	391,379	365,198	26,181
Community Redevelopment Area Fees	1,331,891	1,190,391	1,190,390	1
Total General Administration	4,198,661	4,157,661	3,792,495	365,166

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, 2008, (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Capital Outlay:				
Computer Hardware/Software	279,950	279,950	32,852	247,098
Furniture/ Equipment	29,795	29,795	2,384	27,411
Remodeling/Renovations	4,350	4,350	227	4,123
Total Capital Outlay	<u>314,095</u>	<u>314,095</u>	<u>35,463</u>	<u>278,632</u>
Total Expenditures	<u>70,031,886</u>	<u>70,141,886</u>	<u>62,338,053</u>	<u>7,803,833</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,998,316)</u>	<u>\$ (6,998,316)</u>	<u>(624,668)</u>	<u>\$ 6,373,648</u>
Beginning Fund Balance			<u>26,280,497</u>	
Ending Fund Balance			<u>\$ 25,655,829</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, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Federal Through State	\$ 307,055	\$ 987,883	\$ 939,901	(47,982)
Total Revenue	307,055	987,883	939,901	(47,982)
Expenditures:				
Contracted Programs:				
Contract/Direct Services	167,500	783,666	751,673	31,993
Contract Administration:				
Employee Salaries & Benefits	129,453	184,905	174,875	10,030
Material and Supplies	1,680	3,998	733	3,265
Printing and Advertising	4,212	4,212	1,713	2,499
Travel and Other Expenditures	4,210	11,102	10,907	195
Total Contract Administration	139,555	204,217	188,228	15,989
Total Expenditures	307,055	987,883	939,901	47,982
Excess of Revenues over Expenditures	\$ -	\$ -	-	\$ -
Beginning Fund Balance			-	
Ending Fund Balance			\$ -	

NOTE: GAAP serves as the budgetary basis.



Statistical Section



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Comprehensive Annual Financial Report
For The Year Ended September 30, 2008**

STATISTICAL SECTION

TABLE OF CONTENTS

Financial Trends

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

Net Assets by Component	48
Changes in Net Assets	50
Fund Balance, Governmental Funds	52
Changes in Fund Balance, Governmental Funds	54

Revenue Capacity

These schedules contain information to help the reader assess the Council's most significant local revenue source, the property tax.

Assessed Value and Actual Value of Taxable Property	56
Direct and Overlapping Property Tax Rates	58
Principal Property Taxpayers	60
Property Tax Levies and Collections	62

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.

Demographic and Economic Statistics	64
Principal Employers	66

Operating Information

These schedules contain service data to help the reader understand how the information in the Council's financial report relates to the services provided and the activities performed.

Full Time Equivalent Employees by Function	68
Operating Indicators	69

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Net Assets by Component

Last Seven Fiscal Years

(accrual basis of accounting)

	Fiscal		
	2002	2003	2004
Governmental activities			
Investment in Capital Assets	\$ 266,245	\$ 225,615	\$ 315,583
Unrestricted	16,507,478	17,733,143	19,110,453
Total primary government net assets	<u>\$ 16,773,723</u>	<u>\$ 17,958,758</u>	<u>\$ 19,426,036</u>

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

Year			
2005	2006	2007	2008
\$ 297,277	\$ 339,718	\$ 307,042	\$ 225,220
19,864,141	22,799,558	25,943,740	25,288,416
<u>\$ 20,161,418</u>	<u>\$ 23,139,276</u>	<u>\$ 26,250,782</u>	<u>\$ 25,513,636</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**Changes in Net Assets
Last Seven Fiscal Years**

(accrual basis of accounting)

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

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

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

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

(modified accrual basis of accounting)

	Fiscal Year		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund			
Reserved	\$ 1,030,136	\$ 37,505	\$ 259,860
Unreserved	13,557,220	17,835,062	19,049,326
Total General Fund	<u>\$ 14,587,356</u>	<u>\$ 17,872,567</u>	<u>\$ 19,309,186</u>

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

Fiscal Year			
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 64,992	\$ 126,932	\$ 8,120,402	\$ 8,104,426
20,079,936	22,995,179	18,160,095	17,551,403
<u>\$ 20,144,928</u>	<u>\$ 23,122,111</u>	<u>\$ 26,280,497</u>	<u>\$ 25,655,829</u>

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

(modified accrual basis of accounting)

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

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

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

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

Source: Broward County Property Appraiser

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

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

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

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

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

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

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

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

Source: Broward County Revenue Collection Division

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

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

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



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

2002			
Taxpayer	Taxes Levied	Rank	Percent to Aggregate Taxes Levied
Florida Power & Light Company	\$ 28,863	1	1.33%
BellSouth Corporation	18,530	2	0.85%
Sunrise Mills, LTD	7,033	3	0.32%
Motorola Inc	3,873	4	0.18%
Wheelabrator South Broward, Inc	3,421	5	0.16%
Wheelabrator North Broward, Inc	3,266	6	0.15%
AT&T Broadband	2,868	7	0.13%
Northwestern Mutual Life	2,514	8	0.12%
Marriott Ownership Resorts Inc	2,406	9	0.11%
Keystone-Florida Property	2,392	10	0.11%
Southern Bell Telephone Co	-		-
Diplomat Properties	-		-
Publix Supermarkets, Inc.	-		-
Palm Vacation Group	-		-
Cocowalk Dev Inc	-		-
Pembroke Lakes Mall LTD	-		-
 Total principal taxpayers	 <u>\$ 75,166</u>		 <u>3.46%</u>

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

Source: Broward County Revenue Collector

2008

<u>Taxes Levied</u>	<u>Rank</u>	<u>Percent to Aggregate Taxes Levied</u>
\$ 31,092	1	0.84%
-		-
8,362	3	0.22%
-		-
-		-
-		-
-		-
3,359	5	0.09%
2,537	9	0.07%
-		-
17,376	2	0.47%
6,624	4	0.18%
3,413	6	0.09%
2,776	8	0.07%
2,982	7	0.08%
2,295	10	0.06%
\$ 80,816		2.17%

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 25,231,408	\$ 23,925,608	94.8%	\$ 89,240
2003	30,659,841	28,785,876	93.9%	165,426
2004	40,758,917	38,225,214	93.8%	108,629
2005	48,808,266	46,168,199	94.6%	106,928
2006	56,341,477	53,444,968	94.9%	139,168
2007	64,634,697	61,401,903	95.0%	117,889
2008	63,240,600	59,925,176	94.8%	-

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

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

Total Collections to Date

	Amount	Percentage of Levy
\$	24,014,848	95.2%
	28,951,302	94.4%
	38,333,843	94.1%
	46,275,127	94.8%
	53,584,136	95.1%
	61,519,792	95.2%
	59,925,176	94.8%

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

Year	Population (1)	Personal Income (thousands) (2)	Per Capita Personal Income (2)	Median Age (3)
2002	1,669,153	\$ 54,850,632	\$ 32,232	37.9
2003	1,698,425	56,254,396	32,650	37.9
2004	1,723,131	60,331,477	34,560	38.0
2005	1,740,987	66,230,212	37,403	38.1
2006	1,753,162	70,454,147	39,743	39.0
2007	1,764,572	N/A	N/A	39.0
2008	1,795,955	N/A	N/A	N/A

Source:

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

N/A Not Available

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

**Public School
Enrollment (4)**

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

**Unemployment
Rate (5)**

5.60%
5.30%
4.40%
3.50%
3.30%
3.90%
6.10%

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

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

* Includes both full time and part time employees

Source: The Broward Alliance

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

2008

Employer	Employees	Rank	Percentage of Total County Employment
Broward School Board*	28,134	1	2.8%
Broward County Government*	11,908	2	1.2%
Tenet Healthcare Corp	10,156	3	1.0%
Memorial Healthcare System*	10,000	4	1.0%
N. Broward Hospital District*	8,062	5	0.8%
American Express	5,800	6	0.6%
The Continental Group	3,900	7	0.4%
Nova Southeastern	3,028	8	0.3%
PRC	2,700	9	0.3%
City of Fort Lauderdale	2,647	10	0.3%
Total	<u>86,335</u>		<u>8.7%</u>

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

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

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

Source: Children's Services Council, Finance Administration

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

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

- (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.

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

Source: The Children's Services Council - Finance Administration



Internal Control & Compliance



KEEFE, McCULLOUGH & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOHN R. KEEFE, C.P.A.
STEVEN H. WOODS, C.P.A.
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ROSS S. GOTTHOFFER, C.P.A.
HILLARY B. DAIGLE, C.P.A.

6550 NORTH FEDERAL HIGHWAY
SUITE 410
FORT LAUDERDALE, FLORIDA 33308
(954) 771-0896
FAX: (954) 938-9353
E-MAIL: kmc@kmc CPA.com

**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
Fort Lauderdale, 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, 2008, which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Children's Services Council of Broward County

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Children's Services Council of Broward County in a separate letter dated February 19, 2009.

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

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

Fort Lauderdale, Florida
February 19, 2009



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SUITE 410
FORT LAUDERDALE, FLORIDA 33308
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FAX: (954) 938-9353
E-MAIL: kmc@kmc CPA.com

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

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

We have audited the compliance of the Children's Services Council of Broward County ("the Council"), with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major Federal program for the year ended September 30, 2008. The Council's major Federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major Federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, the Council, complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended September 30, 2008.

Internal Control Over Compliance

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

Children's Services Council of Broward County

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

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

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

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

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

Fort Lauderdale, Florida
February 19, 2009

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

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

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

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

NONE

D. OTHER ISSUES

1. A management letter is presented; however, there are no items related to Federal awards in the management letter that affect our report on pages 73 and 74.
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, 2008

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Federal Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Awards				
Indirect Programs:				
<u>Department of Education</u>				
Passed Through the School Board of Broward County, Florida - 21st CCLC Grant Funding	* 84.287	---	\$ 628,911	\$ 580,618
<u>Department of Health and Human Services</u>				
Passed Through Broward County Board of County Commissioners - CMHS Child Mental Health Service Initiative	93.104	06-CSAD-8838-01	310,990	-
Passed Through State of Florida Department of Children and Families - Title IV-E Grant	93.658	---	71,195	-
	93.659	---	20,720	-
Passed Through Broward Healthy Start Coalition, Inc. - Fetal Infant Mortality Review Project	93.994	---	30,000	-
Total Federal Awards			\$ 1,061,816	\$ 580,618

* Denotes a major program

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

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SUITE 410
FORT LAUDERDALE, FLORIDA 33308
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FAX: (954) 938-9353
E-MAIL: kmc@kmc CPA.com

INDEPENDENT AUDITORS' REPORT TO COUNCIL MANAGEMENT

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

We have audited the financial statements of the Children's Services Council of Broward County (the "Council"), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated February 19, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 19, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter is required to include 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 findings or recommendations made in the preceding annual financial audit report.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures and internal controls. In connection with our audit, we issued a separate report to management dated February 19, 2009.

Children's Services Council of Broward County

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. 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, 2008, 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, 2008. 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, Mc Cullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
February 19, 2009



Working Together for Our Children

6301 NW 5th Way, Suite 3000
Fort Lauderdale, FL 33309
www.cscbroward.org

