

Comprehensive Annual Financial Report

For Fiscal Year Ending
September 30, 2004

Children's Services Council of Broward County, Florida

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



→ RULER

COUNCIL MEMBERS



Jack L. Moss, Council Chair
District Administrator,
Department of Children & Families



Laurie J. Sallarulo
Governor Appointee



Honorable Carole Andrews
Vice Chair
School Board Member



Dr. Frank Till
School Superintendent



Honorable Julie Koenig
Secretary
Governor Appointee



Ana M. Valladares
Governor Appointee



Honorable Lawrence L. Korda
Immediate Past Chair,
Judicial Member



David L. Roach
Administrator
Broward County Health Dept.



Gregory Durden, Esquire
Governor Appointee



Honorable
Suzanne N. Gunzburger
County Commission Member



Marti Huizenga
Governor Appointee



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Children's Services Council Of Broward County, Florida

for the

Fiscal Year Ended September 30, 2004



Issued By:

Cindy J. Arenberg Seltzer, President/CEO

Prepared By:

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



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Comprehensive Annual Financial Report
For The Year Ended September 30, 2004

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	17
Statement of Activities	19
Fund Financial Statements	
Balance Sheet-Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balance-Government Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25

Notes to the Financial Statements:

Description of the Children’s Services Council	27
Summary of Significant Accounting Policies	27
Cash and Investments	33
Accounts and Interest Receivable	34
Interfund Receivables and Payables	34
Property Taxes	35
Capital Assets Activity	35
Long-Term Liabilities	36
Operating Leases	36
Defined Benefit Pension Plan	37
Insurance Activities	38
Other commitments and Contingencies	38

Required Supplementary Information

Budget to Actual Comparison – General Fund	40
Budget to Actual Comparison – Special Revenue Fund	43

Other Supplementary Information

Schedule of Expenditures of Federal Awards	47
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STATISTICAL SECTION

General Fund Revenues by Source	49
General Fund Expenditures by Function	50
Fund Balance Trends – General Fund	51
Property Tax Levies and Collections for the General Fund	52
Assessed Value of Taxable Property	53
Property Tax Rates per Thousand of Assessed Valuation All Countywide Direct and Overlapping Governments	54
Principal Taxpayers	55
Demographic Statistics	56
Number of Personnel	57
Property Value of Building permits Issued, Construction And Bank Deposits	58
Schedule of Insurance in Force	60
Miscellaneous Statistical Data	62

INTERNAL CONTROL AND COMPLIANCE

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	65
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	67
Schedule of Findings and Questioned Costs	69
Summary Schedule of Prior Audit Findings	71



INTRODUCTORY SECTION





**CHILDREN'S
SERVICES
COUNCIL
MEMBERS:**

*Jack L. Moss, Chair
DCF District Administrator*

*Carole Andrews, Vice Chair
School Board Member*

*Honorable Julie B. Koenig,
Secretary
Governor Appointee*

*Honorable Lawrence L. Korda,
Immediate Past Chair
Judicial Member*

*Gregory Durden
Governor Appointee*

*Commissioner
Suzanne N. Gunzburger
County Commissioner*

*Marti Huizenga
Governor Appointee*

*David L. Roach
Administrator,
Broward County Health Dept.*

*Laurie J. Sallarulo
Governor Appointee*

*Dr. Frank Till
School Superintendent*

*Ana M. Valladares
Governor Appointee*

STAFF

*Cindy J. Arenberg Seltzer
President/CEO*

LEGAL COUNSEL

John Milledge

Garry Johnson

January 20, 2005

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 stewardship, we respectfully submit the Comprehensive Annual Financial Report of the Children's Services Council of Broward County ("Council") for the fiscal year ended September 30, 2004. Florida Statutes require that we prepare our financial statements in conformance with United States Generally Accepted Accounting Principles ("GAAP") and that an external audit be performed by an independent certified public accounting firm in accordance with generally accepted auditing standards. This report, presented in four sections: Introductory, Financial, Statistical, and Internal Control and Compliance, is the primary method of reporting the Council's financial activities and satisfies those requirements.

The Introductory Section contains an overview of the Council's economic performance, a review of current initiatives, and summary financial data. The Financial Section contains Management's Discussion and Analysis, Government-wide Financial Statements, and Fund Financial Statements for Governmental Funds. The Financial Section also includes the Notes to the Financial Statements, and Required Supplementary Information. The Statistical Section contains selected financial and demographic information. The Internal Control and Compliance Section contain the reports and schedules related to the Single Audit.

Management's Assertion

Responsibility for the integrity, objectivity, accuracy, completeness and fairness of presentation of these financial statements rests with management. The financial statements were prepared in conformity with U.S. 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.

Internal Controls

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.

Independent Auditor

The Council's financial statements have been audited by Nowlen, Holt and Miner, P.A., a firm of licensed certified public accountants selected by the Council Members on December 20, 2001. 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, 2004 are free of material misstatement. The audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The 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 financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Council's financial statements for fiscal year ended September 30, 2004, 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 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 a federal grant from the Department of Health and Human Services Substance Abuse and Mental Health Services Administration ("SAMHSA"). 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 section 4 of this report.

U.S. 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 auditors.

CSC Profile

The Children's Services Council of Broward County ("CSC" or (Council")) was approved by the voters of Broward County by special referendum September 5, 2000. Consequently, the Council was established as an Independent Special Taxing District January 1, 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 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 July 2004, the governor signed a statutory amendment which among other things added the District Health Administrator as one of the positions held by virtue of their position. This increased membership from ten to the current eleven members. The governor reappointed all of the gubernatorial appointees in November 2002 for four year terms. The Council Members are responsible for setting policies and prioritizing programs affecting children. 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 Council is contiguous with Broward County, one of the fastest growing counties in Florida. The primary purpose of the Council 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 Maturity

The CSC has only completed its third year of operations and yet exhibits a maturity beyond its years. The Council quickly established itself as the focal point for developing community responses to a variety of critical issues facing children and families. The Council has deployed its convening power and advocacy efforts to address a multiplicity of issues including implementation of community-based foster care, Universal Pre-K, and establishing systems of care for children with mental or behavioral issues and children with special needs. The Council has also led 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. Due to the magnitude of issues being dealt with, many agencies and leaders throughout the community and state forget the fact that CSC is still so young and evolving.

The Council continued to inject new services into the community at an accelerated pace during this third year of operations, as demonstrated by issuing six separate Request for Proposals (“RFPs”) during the fiscal year to procure much needed programs and services. As intended, many of these new programs began services within the same fiscal year as the procurement.

Furthermore, CSC has made quite a fiscal impact in the children’s services provider community in these first three years. Expenditures for various children’s services within the community have increased substantially in the past three years beginning with \$7.9 million, \$25.3 million, and \$33.5 million in fiscal years 2002, 2003, and 2004 respectively. This trend will continue as CSC has budgeted \$50.5 million for contracted programs in the upcoming fiscal year. In addition to the community benefit of improving the quality of life of Broward’s children and families, these programs provide an economic gain to the community by providing additional jobs, estimated at 2,320 positions for fiscal year 2004.

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, 2004 to review and refine the goals and objectives for the upcoming year. The County-wide Children’s Strategic Plan, extensive research on service gaps, potential community impact and cost effectiveness, as well as public comment are the basic building blocks used in developing and refining the Council’s upcoming goals and objectives.

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 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.

Cash Management

The cash position is sustained by our prudent and conservative investment policy. Cash not currently needed for operations is placed with the Florida Local Government Surplus Funds Trust Fund Investment Pool until the cash is needed for spending.

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. Broward County was very fortunate and did not suffer a direct landfall impact from any of the four hurricanes that struck the State. This helped economic conditions in Broward County over this past year which experienced somewhat of a resurgence in the areas of employment, consumer confidence and inflation. The unemployment claims in Broward County went down in fiscal year 2004 and increased consumer confidence provided new expectations of sustained growth.

The County's tourism rate continues to reflect strong and vibrant presence of visitors to our community as confirmed by a record breaking 8.5 million visitors during the year. Hotel occupancy has increased over the past two years even as additional hotel rooms have been added. Additionally, the local airport, while undergoing a major expansion construction project, has seen a substantial increase in the number of passengers and is on track as one of the highest passenger growth airports in the United States. This increase also flows over to the Port of Everglades, where cruise travel has increased 29% in the first half of FY 2004.

Broward County's strong housing market reflects similar trends as seen throughout the country. Although homebuilders are selling fewer homes, the prices of homes are increasing due to the limited vacant land for development in Broward County. The impact of this trend has increased home resale which rose 8.6% and prices for those resale homes rose 15.6% to \$230,519 in 2003. Strong growth in the real estate market has also driven up the property tax rolls which are up by 12.6% --the third year in a row of double-digit increases. Since CSC's funding is generated by property taxes, this increase results in additional revenue for programs and services.

In conclusion, forecasts for the near-term economic outlook appear upbeat in the next year. Basic indicators pointing to a strong, long-term resurgence in Broward County's economic vitality include: projected annual population growth over the next 5 years; improved employment numbers; strength in housing; low inflation, interest rates and tax rates; as well as proposed private investment and planned county-wide infrastructure improvements. Considering these long-term economic indicators and Broward County's most treasured assets – sun and sand, Broward County remains a stable and viable economic base which provides a good place to live and raise a family.

Major Initiatives

The Council had a very busy and productive third year and is looking forward to building upon those successes to promote further gains for Broward's children and families. Third year financial achievements include:

- ◆ \$5.7 million of Council funding leveraged nearly \$1 million in additional state dollars to provide child care for over 2,000 children.
- ◆ Responded to community needs by expanding financial aid for quality Summer and After School programs, which incorporated reading, mathematics, physical fitness and nutrition education components as part of the curriculum. Outcome data and satisfaction surveys indicate that the children enjoyed these programs and made notable gains in the targeted areas.
- ◆ Summer Programs for children with special needs helped children maintain their skills during those out of school months and enabled parents to maintain employment.
- ◆ Matched the first \$100,000 raised by the public in the Sun-Sentinel's Children's Fund Campaign wherein all funds raised are matched 1:2 by the McCormick Foundation guaranteeing at least \$300,000 will be available for children to receive back-to-school clothing, backpacks, and supplies.
- ◆ Partnered in garnering the prestigious award of \$500,000 from the Robert Wood Johnson Foundation through a funding collaboration with the Health Foundation of South Florida and the Quantum Foundation of Palm Beach to create Schools of Wellness to battle childhood obesity in Broward and Palm Beach counties. Services are being managed by Memorial Health Care Systems in partnership with the School Boards, Health Departments, and YMCAs of both counties.
- ◆ Provided a full-time position to support the local Million Meals Committee in response to the growing hunger crisis in the County. This position coordinates various activities for ensuring that food drives take place year round, rather than just during peak holiday months; facilitates distribution to food banks throughout the County; and provides guidance on the creation of food banks and community gardens. The Committee surpassed their goal of collecting over a million pounds of food.

- ◆ The Council chairs a Collaborative Grants Committee that works to find new funding sources for children service providers throughout the County. In 2004, \$3.2 million new dollars were brought into the County due to those efforts.
- ◆ The Council partnered with the Internal Revenue Service and local multicultural organizations to aggressively promote the Earned Income Tax Credit (“EITC”) program for working poor families. The Council spent approximately \$122,000 to promote the tax credit which resulted in a return of over \$17 million additional dollars that goes directly into the pockets of Broward County citizens.

The Council’s budget for fiscal year 2004-2005, its fourth fiscal year, is \$56.4 million, an increase of 20.5 percent. This will allow for the expansion of existing effective programs, as well as initiating innovative new programs and services to improve the quality of life of Broward’s residents. To illustrate, there are an additional eight competitive RFP’s planned to expand or create new services and programs in Broward County in order to meet the ever growing needs of children and their families. The new initiatives include teen pregnancy prevention, inclusive playgrounds, and programs to address literacy deficiencies, as well as the expansion of programs modeled to stabilize children with mental and behavioral conditions, and summer and after school programs.

The Council is very excited with the successful implementation a systematic approach to tracking contractual data, performance-based outcomes and the community impact of funded programs. The System of Activities and Management Information System (“SAMIS”) is a web-enabled database that maintains provider data and measures outcomes to identify which programs are most effective. This enables the Council to fund programs and services based on effectiveness in order to maximize the efficacy of Council funding.

In addition to its service related goals, the Council developed four system goals designed to help organize the fragmented child and family serving community into a seamless system of care. A major component of that systems change is the stewardship of the community-wide Children’s Strategic Plan.

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, 2003. This was the second 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.

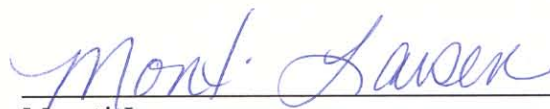
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully Submitted,

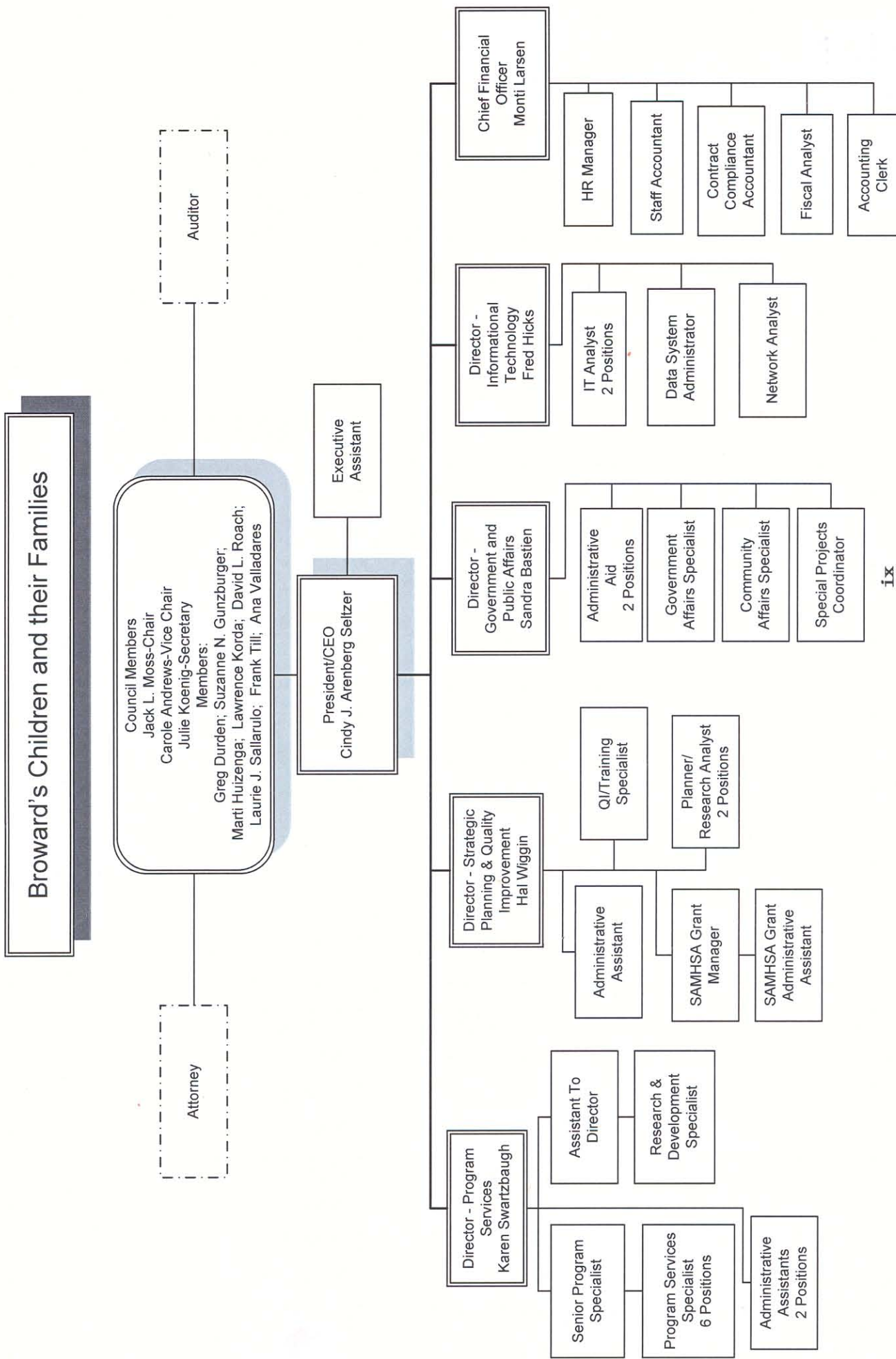

Cindy J. Arenberg Seltzer,
President/CEO


Monti Larsen,
Chief Financial Officer

Children's Services Council of Broward County

Organizational Chart and List of Principal Officials

Fiscal Year 2003-2004





CHILDREN'S

SERVICES

COUNCIL

of Broward County

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, 2003

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.



Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION





NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Children's Services Council of Broward County as of and for the year ended September 30, 2004, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Children's Services Council of Broward County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, each major fund, and the aggregate remaining fund information of the Children's Services Council of Broward County as of September 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2005, on our consideration of the Children's Services Council of Broward County's internal control over financial reporting and 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 should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the required supplementary information other than management's discussion and analysis on pages 3 through 16 and pages 40 through 43 are not a required part of the basic financial statements but are supplemental information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Children's Services Council of Broward County's basic financial statements. The accompanying schedule of expenditures of federal awards and accompanying statistical information 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 and accompanying statistical information 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.

Nowlen, Holt + Minen, P.A.

January 20, 2005

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

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, 2004. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

Fiscal year ending September 30, 2004 represents the third full year of operations and further demonstrates the mission and related objectives of the Council. Net assets increased slightly from the prior year; however, in subsequent years it is expected that this cumulative amount will be expended as the capacity of the provider network catches up with the community's need for services. The following illustrates some of the Council's financial highlights:

- ◆ Levied taxes through the TRIM process. The millage rate was set at .3920 mills, which was the basis for a \$46.8 million budget to expand services to children and families.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$19.4 million (net assets). Of this amount, \$19.1 million (unrestricted net assets) may be used to meet the Council's ongoing obligations to Broward's children and their families.
- ◆ The total cost of the Council's contracted program services in the third year of operations increased 31.4% from \$26.7 million last fiscal year to \$35.1 million this fiscal year. This anticipated increase stemmed from programs implemented last year which are now annualized, expansion of services including out-of-school programs, as well as many new initiatives begun this fiscal year. Examples of the Council's response to the community's need for new and expanded services include the following:
 - Expanded after-school programs over 28% from \$6 million to \$7.8 million and added an additional 9 new providers. Services are provided in over 100 locations throughout the County and serving over 12,000 children.
 - Expenditures for Summer programs increased 12.7% from \$6.5 million last year to \$7.4 million this fiscal year serving over 6,000 youth in 84 locations countywide.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

- Added various new juvenile diversion programs in the amount of \$1.4 million, as well as nearly doubled existing services by 89% from \$1 million to nearly \$2 million, to help address community needs in the area of delinquency prevention. New initiatives include partnering with local County agencies to open a juvenile assessment center and establishing a fire starter's prevention program.
 - Initiated new programs in the amount of \$658,000 dedicated to creating "digital opportunities" for 500 children from impoverished backgrounds. These programs give children the opportunity to learn about computers and to navigate the Internet for research and school assignments.
 - Expanded and annualized many existing programs and services in various areas helping to meet the community needs in areas such as family strengthening (increased 12%) and behavioral health needs (annualized with a 71% increase).
 - Nearly doubled the training opportunities for children's service providers and advocates. The number of sessions grew 91% with an additional 83% increase in attendees. These various sessions address a wide variety of topics and are geared towards all levels of staff within an organization. Moreover, training expenditures only increased by 29% from \$123,000 to \$159,000.
- ◆ The total number of contracts for programs and services increased 17.6% from 125 to 147; however, the total administrative rates raised only slightly, an increase of just .74% from 7.79% in fiscal year 2003 to 8.53% in fiscal year 2004. This minimal administrative cost increase is due to a very resourceful staff and comprehensive data collection systems.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

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 17 and 19) 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 20. 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 – 38) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements, and is required by the U.S. Generally Accepted Accounting Principles. This report also contains other supplementary information in addition to the basic financial statements starting on page 40.

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

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 third full year of operations and is just now developing and analyzing the fiscal trends used to gauge business cycles and financial health.

It is fully anticipated that net assets will decrease over the next few years as capacity within the provider community is expanded and able to offer the needed programs and services. This expected decrease of net assets in the next few years is not an indication of deteriorating financial health of the organization. Rather, it is merely accumulation from the start-up phase of the organization. Once the Council's funding cycle is well established, other non-financial factors, such as changes in the Council's property tax base, will also, over time, help to assess the overall financial health of the Council.

In the Statement of Activities, we divide the Council's expenses into two kinds of activities: 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

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

Governmental fund information helps you 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 in a reconciliation at the end of the related fund financial statement.

While some funds are required to be established by State law, currently the Council uses the General Fund and 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 a federal grant funded through the County from the Department of Health and Human Services Substance Abuse and Mental Health Services Administration ("SAMHSA").

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 40 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 38 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 page 40 of this report.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

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 third year of generating tax revenue, assets exceeded liabilities by \$19.4 million at the close of the fiscal year.

As new programs gear up to full operations and additional initiatives are brought on-line, 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 is not an indication of the Council's deteriorating financial condition.

CSC's Net Assets As of September 30,

	FY 2004	FY 2003
Current and Other Assets	\$ 22,423,020	\$ 22,483,229
Capital Assets	315,583	225,615
Total Assets	<u>22,738,603</u>	<u>22,708,844</u>
Current and Other Liabilities	3,132,447	4,622,289
Long-Term Liabilities	180,120	127,797
Total Liabilities	<u>3,312,567</u>	<u>4,750,086</u>
Net Assets:		
Invested in Capital Assets	315,583	225,615
Unrestricted	<u>19,110,453</u>	<u>17,733,143</u>
Total Net Assets	<u>\$ 19,426,036</u>	<u>\$ 17,958,758</u>

- ◆ The change in net assets from last fiscal year to this fiscal year was an increase of \$1.5 million. The unrestricted net assets are committed to on-going contracts in the upcoming fiscal year.
- ◆ The net increase for capital assets was nearly \$90,000 from the prior year. Further analysis reveals new purchases in the amount of \$281,232 of which \$88,575 is for programmatic related capital items used at the provider locations and \$81,578 is for provider software system improvements. The remaining 39% or \$111,079 of new capital purchases is due to administrative expansion and an office move which resulted in a need for additional phone equipment, the sound system and security system. Finally, total depreciation expense amounted to \$191,264.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

- ◆ The current and other liabilities category is comprised primarily of accounts payable, which decreased \$1.5 million due to timing of provider invoices for September services. The long-term liabilities category reflects the estimated amount for compensated absences that may be paid in the future. The \$52,323 increase is a result of additional staff and their related accrual balances.
- ◆ 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 2004	FY 2003
Revenues:		
Property Taxes	\$ 38,323,485	\$ 28,840,883
Investment Earnings	439,573	431,398
Other	800,415	607,699
Total Revenues	<u>39,563,473</u>	<u>29,879,980</u>
Expenses:		
Contracted Programs	35,092,473	26,715,259
General Administration	2,096,073	1,309,537
Community Redevelopment and Tax Collector Fees	907,649	670,149
Total Expenses	<u>38,096,195</u>	<u>28,694,945</u>
Increase in Net Assets	1,467,278	1,185,035
Net Assets - Beginning of Year	<u>17,958,758</u>	<u>16,773,723</u>
Net Assets - End of Year	<u>\$ 19,426,036</u>	<u>\$ 17,958,758</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2004, property taxes totaled \$38.3 million. While the Council is authorized to levy up to .5 mills, for fiscal year 2003-2004 the property tax levy was established at .3920 mills up from .3316 mills from the prior year. The Council is incrementally increasing the millage rate as the service provider community builds the capacity to absorb the new programs and services required to meet the identified needs of the children and families of the County.
- ◆ **Investment earnings** totaled \$439,573 in fiscal year 2004, which is a slight increase from the prior year due to an increase in investments. The Council earned most of the interest revenues by placing idle cash with the Florida Local Government Funds Surplus Trust Fund in accordance with the Council's investment policy.
- ◆ **Other revenues** for the current year equal \$800,415 and include miscellaneous revenue, in-kind revenue, and grants. The SAMHSA grant represents 74% or \$589,892 of other revenue. Additionally, \$111,683 of other revenue represents a one time only rent concession for fiscal year 2004.
- ◆ **Expenses for Contracted Programs** totaled \$35.1 million in fiscal year 2004, a 31.4% increase or \$8.4 million from fiscal year 2003. This increase represents our third full year of operations and continued growth in programs and services for children and their families throughout the County. As the graph on the following page illustrates, 92.12% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 88.92% are directly contracted to local service providers.
- ◆ **Expenses for General Administration** totaled \$2.1 million in fiscal year 2004, an increase of \$786,536 from fiscal year 2003. This increase is related to the office move and expansion of the organization to support the growing number and scope of contracted services. In April 2004, the Council leased new office space and doubled the square footage from 7,000 square feet to just over 15,000 square feet. Concurrently, eleven new positions were created throughout the organization to manage the growth and the increased workload. For example, the number of provider contracts increased nearly 18% from 125 to 147 contracts for various children's services.

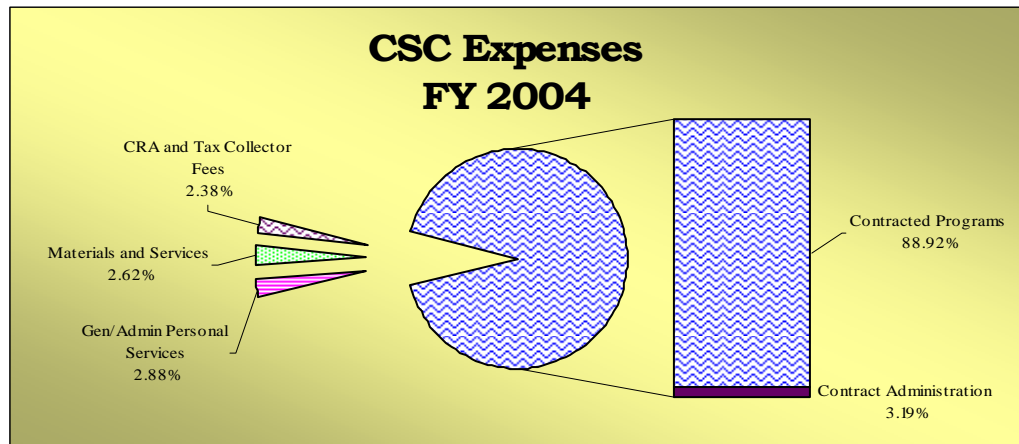
CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

However, general administrative costs still only represent 2.88% of the overall budget which demonstrates the Council's fiscal prudence concerning administrative expenses. The Council's focus continues to embrace expanding programs and services throughout the community with minimal administration cost. The Community Redevelopment and Tax Collector fees, discussed in the following paragraph, make up the remaining 2.38% of the administrative expense.

- ◆ **Community Redevelopment and Tax Collector fees** for fiscal year 2004 increased considerably by 35.4% or \$237,500 for a total of \$907,649. The Tax Collector fees are based on the millage rate and increase proportionally as the millage rate increases. The Community Redevelopment Agency (CRA) tax increment payments are tied to the increased incremental property tax values in specific areas, as well as the Council's established millage rate. The Council is working collaboratively with the CRA's to either seek exemptions from the CRA or for the CRA to use these funds for programs and services that affect children in these areas.

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2004.



Our analysis below separately considers the operations of governmental activities.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

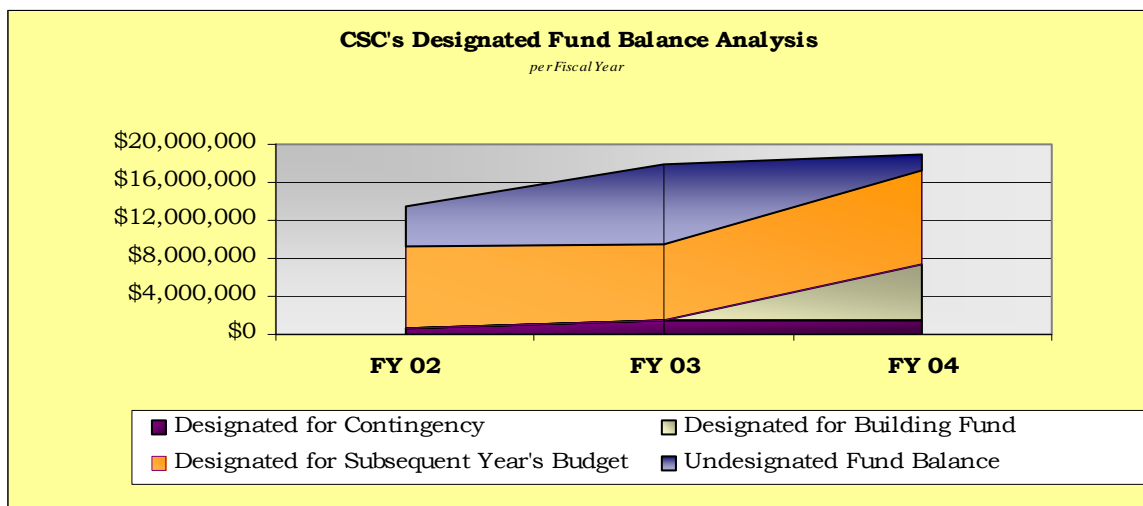
Management's Discussion and Analysis September 30, 2004

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its third year of operations, the governmental funds (as presented in the balance sheet on page 20) reported a total fund balance of \$19.3 million. Included in the fund balance is \$259,860 reserved for Prepaid Expenditures. The term "reserve" should only be used to identify that portion of fund balance segregated for future purposes or not available to finance expenditures of subsequent years.

- ◆ **Designated fund balance** amounts are not the same as reservations of fund balance as they represent planned actions, not an actual commitment. Accordingly, \$9.8 million is designated for the subsequent year's budget; thereby, effectively reducing the necessary millage rate for fiscal year 2004-2005. An additional designation of fund balance includes \$1.5 million for Contingency that the Council Members may appropriate as deemed necessary. The Council has also designated \$6 million towards the purchase of a building within the next five years. This leaves a remaining undesignated fund balance of \$1.8 million.

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 \$9.3 million below the final budget amounts.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

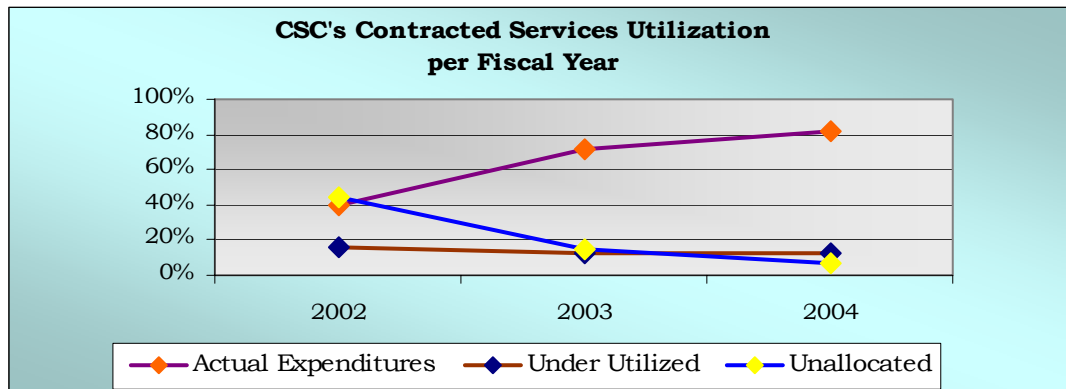
- ◆ **Budget variances** - The most significant positive variance (\$7.8 million) occurred in Contracted Programs reflected in the Council's General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual found on pages 40-41. This variance is due to several factors as we continued our rapid expansion in building programs and services in year three. To illustrate:
 - The Council released six separate Requests for Proposals (“RFP”) throughout the fiscal year; three of which required that the agencies begin these services within the same year. 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.
 - Furthermore, RFP’s to support new goals or objectives require lead time to complete training in best practices approaches, to create appropriate referral mechanisms and to engage clients in full service delivery. Thus, once a program is initially funded, this process takes time to draw down the budgeted funds. As programs reach their optimum capacity, expenditures are expected to level out at the budgeted amounts.
 - Additional factors for the budget variance for contracted programs involve optimistic expectations that the providers would be able to utilize all of the budgeted funds, which did not happen for various reasons. For most contracts, the Council requires the service providers to invoice 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. Finally, 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

- Monitoring the contracted programs, both programmatically and administratively/financially, also had a sizeable variance in the amount of \$491,300. This variance was due to over estimating the cost of conducting reviews for the contracted programs. The actual monitoring is conducted using a dual approach – experts review the functional area they are most familiar with. For example, Council staff or off-duty teachers and doctoral students conduct programmatic monitoring and 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 offer training and technical assistance to the providers.

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



Alternatively, resources available for appropriation (revenues) were \$374,265 above the final budgeted amount. This positive variance was a result of tax collections that were slightly higher than predicted, higher interest revenues and the in-kind rent concessions associated with the new office facility.

OTHER ASSETS and OTHER OBLIGATIONS

At the end of fiscal year 2004, the Council had \$315,583 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 Note 2 of the Notes to the Financial Statements.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

As presented in Note 11 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 2004 budget and tax rates. The Council Members continue to be very cautious in raising tax rates, 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 the local economy.

A snapshot of the local economy presents an upbeat picture and has reversed from the downward trends of the past few years. Unfortunately this economic upsurge does not translate to decline in the need for services. Actually, quite the contrary as the need for Council-funded services continues to outpace the capacity within the community. Moreover, the County's child population continues to increase each year and grew an additional 1.4 percent to 420,788 0-17 years old just the past year.

Unemployment in the greater Fort Lauderdale/Miami region as of September 2004, decreased to 4.6 percent versus 5.6 percent a year ago. This compares with the State's unemployment rate of 4.7 percent and the national rate of 5.5 percent.

Inflation in the greater Fort Lauderdale/Miami region continues to be somewhat higher than the national Consumer Price Index (CPI) increase. The region's CPI increase was 3.0 percent for the calendar year compared with the average U.S. city rate of 2.2 percent. Inflation has been higher here due in part to the residential housing market and energy price increases in 2003-2004.

Currently, the Council is afforded a degree of flexibility on how the budget is developed given that it is a newly created organization which has not yet reached the maximum millage rate of .5 mills. This permits the Council to research and analyze the needs of Broward's children and their families and set the budget accordingly. However, once the dollars are committed and annualized for continuing children's services programs, the budget process may undergo some modifications in order to remain flexible to meet the community needs.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2004

At present, Council goals and objectives are shaped with the help of staff, input from the community, and the County-wide Children's Strategic Plan and the budget is developed around those identified service and system needs. Additionally, the Council members voted to appropriate \$9.8 million of fund balance in the subsequent fiscal year. This allowed the Council members to incrementally increase the final millage rate of .4231 mills for the 2004-2005 fiscal year.

REQUESTS FOR INFORMATION

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Net Assets
September 30, 2004

	Total Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 1,944,128
Investments	19,956,941
Taxes Receivable	9,787
Accounts and Interest Receivable	8,953
Due from Other Governments	243,298
Prepaid Expenses	259,913
Total Current Assets	22,423,020
Other Assets:	
Capital Assets, Net of Accumulated Depreciation:	
Equipment	122,534
Computer Hardware/Software	193,049
Total Capital Assets, Net	315,583
Total Assets	22,738,603
LIABILITIES	
Current Liabilities:	
Accounts Payable	3,077,343
Salaries and Fringe Benefits Payable	36,491
Total Current Liabilities	3,113,834
Noncurrent Liabilities:	
Compensated Absences:	
Expected to be paid within one year	18,613
Expected to be paid after one year	180,120
Total Liabilities	3,312,567
NET ASSETS	
Invested in Capital Assets	315,583
Unrestricted	19,110,453
Total Net Assets	\$ 19,426,036

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



CHILDREN'S

SERVICES

COUNCIL

of Broward County

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Activities
For the Year Ended September 30, 2004

	Total Governmental Activities
Expenses:	
Contracted Services:	
Contracted Programs	\$ 33,876,243
Contract Administration	1,216,230
Total Contracted Program Expenses	35,092,473
General Administration:	
Personal Services	1,099,004
Materials and Services	997,069
Community Redevelopment and Tax Collector Fees	907,649
Total General Administration Expenses	3,003,722
Total Expenses	38,096,195
General Revenues:	
Property Taxes	38,323,485
Investment Earnings	439,573
Grants	589,892
Miscellaneous Local	210,523
Total General Revenues	39,563,473
Change in Net Assets	1,467,278
Net Assets - Beginning of the Year	17,958,758
Net Assets - End of the Year	\$ 19,426,036

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, 2004

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Current Assets:			
Cash	\$ 1,933,454	\$ 10,674	\$ 1,944,128
Investments	19,956,941	-	19,956,941
Taxes Receivable	9,787	-	9,787
Accounts and Interest Receivable	8,673	333	9,006
Due from Other Governments	-	243,298	243,298
Due from Other Funds	55,103	-	55,103
Prepaid Expenditures	259,860	-	259,860
Total Assets	<u>\$ 22,223,818</u>	<u>\$ 254,305</u>	<u>\$ 22,478,123</u>
 LIABILITIES and FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 2,878,141	\$ 199,202	\$ 3,077,343
Salaries and Fringe Benefits Payable	36,491	-	36,491
Due to Other Funds	-	55,103	55,103
Total Liabilities	<u>2,914,632</u>	<u>254,305</u>	<u>3,168,937</u>
 Fund Balance:			
Reserved for:			
Reserved for Prepaid Expenditures	259,860	-	259,860
Unreserved/Designated for:			
Designated for Contingency	1,473,644	-	1,473,644
Designated for Subsequent Year's Budget	9,785,704	-	9,785,704
Designated for Building Fund	6,000,000	-	6,000,000
Undesignated Fund Balance	1,789,978	-	1,789,978
Total Fund Balance	<u>19,309,186</u>	<u>-</u>	<u>19,309,186</u>
Total Liabilities and Fund Balance	<u>\$ 22,223,818</u>	<u>\$ 254,305</u>	<u>\$ 22,478,123</u>

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
September 30, 2004

Fund Balances - Total Governmental Funds \$ 19,309,186

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	765,154	
Less accumulated depreciation	<u>(449,571)</u>	315,583

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

Compensated absences		(198,733)
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Net Assets of Governmental Activities		<u><u>\$ 19,426,036</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, 2004

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 38,323,485	\$ -	\$ 38,323,485
Interest on Investments	439,573	-	439,573
Miscellaneous Local	113,405	-	113,405
In-Kind Local Match	111,683	-	111,683
Federal through State	-	589,892	589,892
Total Revenue	<u>38,988,146</u>	<u>589,892</u>	<u>39,578,038</u>
Expenditures:			
Current:			
Contracted Services:			
Contracted Programs	33,177,034	358,889	33,535,923
Monitoring	340,320	-	340,320
Total Contracted Services	<u>33,517,354</u>	<u>358,889</u>	<u>33,876,243</u>
Contract Administration:			
Employee Salaries & Benefits	969,468	100,236	1,069,704
Other Consultants	4,625	94,057	98,682
Material and Supplies	4,581	871	5,452
Printing and Advertising	9,634	813	10,447
Telecommunications	4,056	608	4,664
Other Expenditures	15,476	32,096	47,572
Total Contract Administration	<u>1,007,840</u>	<u>228,681</u>	<u>1,236,521</u>
General Administration:			
Employee Salaries & Benefits	1,072,400	-	1,072,400
Legal Fees	53,154	-	53,154
Auditors and Other Consultants	35,465	-	35,465
Materials and Supplies	42,520	-	42,520
Printing and Advertising	48,459	-	48,459
Other General Administration	245,620	-	245,620
Telecommunications	33,391	-	33,391
Other Expenditures	160,997	-	160,997
Tax Collection Fees	166,624	-	166,624
Community Redevelopment Area Fees	741,025	-	741,025
Total General Administration	<u>2,599,655</u>	<u>-</u>	<u>2,599,655</u>

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Capital Outlay:			
Computer Hardware/Software	188,894	2,322	191,216
Furniture/ Equipment	233,505	-	233,505
Remodeling/Renovations	4,279	-	4,279
Total Capital Outlay	<u>426,678</u>	<u>2,322</u>	<u>429,000</u>
Total Expenditures	<u>37,551,527</u>	<u>589,892</u>	<u>38,141,419</u>
Net Change in Fund Balance	1,436,619	-	1,436,619
Beginning Fund Balance	<u>17,872,567</u>	<u>-</u>	<u>17,872,567</u>
Ending Fund Balance	<u>\$ 19,309,186</u>	<u>\$ -</u>	<u>\$ 19,309,186</u>

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



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of Governmental Funds to the
Statement of Activities
September 30, 2004

Net Change in Fund Balances - Total Governmental Funds \$ 1,436,619

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	281,232	
Less current year depreciation	<u>(191,264)</u>	89,968

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	(59,309)
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Change in Net Assets of Governmental Activities	<u><u>\$ 1,467,278</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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

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 1, 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 governor reappointed all of the gubernatorial appointees in November 2002 for four year terms.

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 U.S. 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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.

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 changes in net assets) 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 newly created Special Revenue Fund to account for a federal grant.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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.

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 property tax and other 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.

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.

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 a federal grant award from the Department of Health and Human Services Substance Abuse and Mental Health Services Administration ("SAMHSA").

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

e. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with U.S. 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.

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; however, the Council places the majority of its investments with the Local Government Surplus Funds Trust Fund. This is a highly liquid investment pool available for investing temporarily idle cash by Florida governments and is managed by the State Board of Administration ("SBA"). In order to accommodate pool participants with readily available cash, a substantial portion of the portfolio is placed in short-term securities. According to the SBA, the pool meets the criteria to be considered a "2a-7 like fund", as defined by GASB Statement No. 31. Accordingly, the fund has reported the same value as the pool shares allocated to the Council.

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.

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 both government-wide and fund financial statements.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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 have not been received.

i. Capital Assets

Capital assets, which include computer hardware/software 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
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 \$750 are tagged and recorded in the fixed asset system. For Governmental Fund reporting, capital outlay includes all capital expenditures over \$750.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

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. However, the liability for all accrued and vested vacation and sick leave benefits, plus sick leave benefits expected to become vested, is recorded in the government-wide financial statements.

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, for expenditure 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

3. CASH AND INVESTMENTS

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. All the Council public deposits are held in Qualified Public Depositories ("QPD") pursuant to Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act." Under the act, public funds are protected against loss due to insolvency by: (1) federal deposit insurance; (2) the pledge of securities as collateral; and (3) a contingent liability agreement that allows the Treasurer to assess QPDs if the securities pledged by an insolvent QPD are insufficient. All bank balances of the Council are held in a QPD. The book value of the Council's deposits does not differ materially from the bank balance of deposits.

As prescribed by GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, certain investments are categorized to give an indication of the level of credit (not market) risk assumed by the Council at year end based on various investment categories as to how securities are registered, insured or where held in custody. These credit risk categories are:

- a. Insured or registered investments or securities held by the Council or held by the Council's agent in the Council's name.
- b. Uninsured or unregistered investments for which the securities are held by the counterparty or by its trust department or agent in the Council's name.
- c. Uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Council's name.

As of September 30, 2004, the Council did not have any investments that require categorizing for credit risk as shown above.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

3. CASH AND INVESTMENTS, (Continued)

Cash and Investments as of September 30, 2004 are composed of the following:

Cash Deposits	\$ 1,944,128
Investments with the SBA	<u>19,956,941</u>
Total Cash and Investments	<u><u>\$ 21,901,069</u></u>

4. ACCOUNTS AND INTEREST RECEIVABLE

Accounts and Interest Receivable at September 30, 2004 consists of the following:

	General Fund	Special Revenue Fund
Interest Receivable	\$ 2,777	\$ -
Co-locator Services	4,888	-
Registration Fees	560	-
Employee Reimbursements	448	333
Total Accounts Receivable	<u><u>\$ 8,673</u></u>	<u><u>\$ 333</u></u>

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at September 30, 2004 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 55,103	\$ -
Special Revenue Fund	<u>-</u>	<u>55,103</u>
Total	<u><u>\$ 55,103</u></u>	<u><u>\$ 55,103</u></u>

The purpose of these transactions is to account for the interfund activity between the SAMHSA grant in the Special Revenue Fund and the General Fund.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2004**

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 2004 was 0.3920 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 assessed value at January 1, 2003 upon which the fiscal year 2004 levy was based, was approximately \$101.3 billion.

A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter.

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, 2004 is \$9,787.

7. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2003	Additions	Deletions	Balance at Sept 30, 2004
Capital Assets:				
Equipment	\$ 39,488	\$ 111,079	\$ -	\$ 150,567
Computer Hardware/Software	444,434	170,153	-	614,587
Total Capital Assets	483,922	281,232	-	765,154
Less Accumulated Depreciation:				
Equipment	10,992	17,041	-	28,033
Computer Hardware/Software	247,315	174,223	-	421,538
Total Accumulated Depreciation	258,307	191,264	-	449,571
Capital Assts, Net	\$ 225,615	\$ 89,968	\$ -	\$ 315,583

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2004**

7. CAPITAL ASSETS ACTIVITY, (Continued)

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

Contract Administration	\$ 131,721
General Administration	59,543
Total Depreciation Expense	<u>\$ 191,264</u>

8. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for fiscal year ended September 30, 2004:

	Beginning Balance Oct 1, 2003	Increases	Decreases	Ending Balance Sept 30, 2004	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 116,267	\$ 69,868	\$ -	\$ 186,135	\$ 18,613
Sick Leave Accrual	23,157	-	(10,559)	12,598	-
Total Compensated Absences	<u>\$ 139,424</u>	<u>\$ 69,868</u>	<u>\$ (10,559)</u>	<u>\$ 198,733</u>	<u>\$ 18,613</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, 2004 amounted to \$18,877. The current facility lease agreement provided rent concessions over a six month period. In-kind revenue is recognized along with the rent expense for this discounted portion in accordance with GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. This amount was \$111,683 for the fiscal year ended September 30, 2004.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2004**

9. OPERATING LEASES, (Continued)

Future minimum lease payments for these leases are as follows:

Fiscal Year Ending September 30,	Minimum Equipment Lease Payment	Minimum Office Lease Payment
2005	\$ 23,158	\$ 324,000
2006	23,158	337,943
2007	23,158	352,182
2008	23,158	366,792
2009	-	397,123
	<u>\$ 92,632</u>	<u>\$ 1,778,040</u>

10. DEFINED BENEFIT PENSION 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 Florida Department of Management Services, Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

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 7.39% for regular employees and 9.37% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2004, 2003 and 2002 were \$128,777, \$80,237 and \$61,556, respectively, equal to the required contribution.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2004

11. 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 from \$1,000 to \$2,500 per occurrence. There were no settled claims which exceeded insurance coverage since inception of the Council.

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

12. OTHER COMMITMENTS AND CONTINGENCIES

Contract Carryovers

Council Members approved renewing the contracts for the various programs for the subsequent year in the amount of \$9.8 million. This amount is appropriated in the fiscal year 2004-2005 budget.



**REQUIRED
SUPPLEMENTARY
INFORMATION**

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

General Fund

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget to Actual

For The Year Ended September 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget	% of Budget
Revenues:					
Ad Valorem Taxes	\$ 38,313,381	\$ 38,313,381	\$ 38,323,485	\$ 10,104	100.03%
Interest on Investments	200,000	200,000	439,573	239,573	219.79%
Miscellaneous Local	100,000	82,998	113,405	30,407	136.64%
In-Kind Local Match	-	17,502	111,683	94,181	638.12%
Total Revenue	38,613,381	38,613,881	38,988,146	374,265	100.97%
Expenditures:					
Contracted Programs:					
Contracted Programs	41,020,826	40,989,206	33,177,034	7,812,172	80.94%
Monitoring	800,000	831,620	340,320	491,300	40.92%
Total Contracted Services	41,820,826	41,820,826	33,517,354	8,303,472	80.15%
Contract Administration:					
Employee Salaries & Benefits	1,162,417	1,139,900	969,468	170,432	85.05%
Other Consultants	100,000	105,000	4,625	100,375	4.40%
Material and Supplies	11,000	11,521	4,581	6,940	39.76%
Printing and Advertising	10,000	9,979	9,634	345	96.54%
Telecommunications	4,500	4,500	4,056	444	90.13%
Other Expenditures	36,500	36,500	15,476	21,024	42.40%
Total Program Services	1,324,417	1,307,400	1,007,840	299,560	77.09%
General Administration:					
Employee Salaries & Benefits	1,158,817	1,181,334	1,072,400	108,934	90.78%
Legal Fees	60,000	60,000	53,154	6,846	88.59%
Auditors and Other Consultants	70,000	65,000	35,465	29,535	54.56%
Materials and Supplies	65,000	64,750	42,520	22,230	65.67%
Printing and Advertising	65,000	65,000	48,459	16,541	74.55%
Other General Administration	376,000	333,583	245,620	87,963	73.63%
Telecommunications	116,400	116,400	33,391	83,009	28.69%
Other Expenditures	308,870	317,920	160,997	156,923	50.64%
Tax Collection Fees	176,000	176,000	166,624	9,376	94.67%
Comm. Redevelopment Fees	753,000	753,000	741,025	11,975	98.41%
Total General Administration	3,149,087	3,132,987	2,599,655	533,332	82.98%

	Original Budget	Final Budget	Actual	Variance with Final Budget	% of Budget
Capital Outlay:					
Computer Hardware/Software	448,000	315,377	188,894	126,483	59.89%
Furniture/ Equipment	80,000	246,240	233,505	12,735	94.83%
Remodeling/Renovations	5,000	5,000	4,279	721	85.58%
Total Capital Outlay	533,000	566,617	426,678	139,939	75.30%
Total Expenditures	46,827,330	46,827,830	37,551,527	9,276,303	80.19%
Excess of Revenues over Expenditures	\$ (8,213,949)	\$ (8,213,949)	1,436,619	\$ 9,650,568	
Beginning Fund Balance			17,872,567		
Ending Fund Balance			\$ 19,309,186		

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, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget	% of Budget
Revenues:					
Federal Through State	\$ 626,655	\$ 626,655	\$ 589,892	(36,763)	0.00%
Total Revenue	626,655	626,655	589,892	(36,763)	94.13%
Expenditures:					
Contracted Programs:					
Contracted Programs	465,000	380,000	358,889	21,111	94.44%
Contract Administration:					
Employee Salaries & Benefits	111,952	105,952	100,236	5,716	94.61%
Other Consultants	-	96,000	94,057	1,943	97.98%
Material and Supplies	8,000	4,031	871	3,160	21.61%
Printing and Advertising	-	969	813	156	83.90%
Telecommunications	-	943	608	335	64.48%
Other Expenditures	23,188	22,245	17,531	4,714	78.81%
Indirect Cost	14,565	14,565	14,565	-	100.00%
Total Program Services	157,705	244,705	228,681	16,024	93.45%
Capital Outlay:					
Computer Hardware/Software	3,950	1,950	2,322	(372)	119.08%
Total Capital Outlay	3,950	1,950	2,322	(372)	119.08%
Total Expenditures	626,655	626,655	589,892	36,763	94.13%
Excess of Revenues over Expenditures	\$ -	\$ -	-	\$ -	
Beginning Fund Balance			-		
Ending Fund Balance			\$ -		

NOTE: GAAP serves as the budgetary basis.



CHILDREN'S

SERVICES

COUNCIL

of Broward County



**OTHER
SUPPLEMENTARY
INFORMATION**



CHILDREN'S

SERVICES

COUNCIL

of Broward County

Children's Services Council of Broward County
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Federal Expenditures</u>
Federal Awards			
<u>Department of Health and Human Services</u>			
Passed Through Broward County Board of Commissioners			
CMHS Child Mental Health Service Initiative	93.104	03-CSAD-8381	\$ <u>589,892</u>

Note 1 - Significant Accounting Policies

The schedule of expenditures of federal awards is a summary of the activity of the Council's federal award programs presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.



STATISTICAL SECTION



CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
General Fund Revenues by Source
Last Three Fiscal Years

Fiscal Year Ended Sept 30	Ad Valorem Taxes	Interest on Investments	Federal through State	Misc Local	In-Kind Local Match	Total Revenue
2002	\$ 23,925,608	\$ 313,098	\$ 455,912	\$ 28,135	\$ 84,113	\$ 24,806,866
2003	28,840,883	431,398	2,000,000	115,356	50,807	31,438,444
2004	38,323,485	439,573	-	113,405	111,683	38,988,146

Source: The Children's Services Council - Finance Administration

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
General Fund Expenditures by Function
Last Three Fiscal Years

Fiscal Year Ended September 30	Contracted Programs	Contract Administration	General Administration	Capital Outlay	Total Expenditures
2002	\$ 7,741,217	\$ 522,409	\$ 1,164,139	\$ 474,280	\$ 9,902,045
2003	25,340,688	822,019	1,945,524	45,002	28,153,233
2004	33,517,354	1,007,840	2,599,655	426,678	37,551,527

Source: The Children's Services Council - Finance Administration
Note: The Children's Services Council first full year of operation was 2002.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Fund Balance Trends - General Fund
Last Three Fiscal Years

<u>Fiscal Year Ended</u> <u>September 30</u>	<u>Fund Balance</u>
2002	\$ 14,587,356
2003	17,872,567
2004	19,309,186

Source: The Children's Services Council - Finance Administration

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

CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Property Tax Levies and Collections -
For the General Fund
Last Three Fiscal Years

Fiscal Year Ended Sept 30	Net Taxable Assessed Valuation (In Thousands)	Base Millage	Property Taxes Levied	Discounts For Early Payment	Total Tax Collections	% of Total Tax Collected to Property Taxes Levied
2002	\$ 80,343,876	0.3055	\$ 25,231,408	\$ -	\$ 23,925,608	94.82%
2003	89,606,835	0.3316	30,659,841	1,034,746	28,840,883	94.07%
2004	101,341,608	0.3920	40,758,917	1,383,689	38,323,485	94.02%

Source: Property Appraisers Office

The Children's Services Council - Finance Administration

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Assessed Value of Taxable Property (In Thousands) -
Last Three Fiscal Years

Fiscal Year Ended Sept 30	Real Property				
	Residential	Commercial	Industrial	Other (1)	Total
2002	\$ 66,766,083	\$ 14,687,789	\$ 4,692,641	\$ 7,334,222	\$ 93,480,735
2003	83,640,748	18,072,551	5,844,902	8,522,723	116,080,924
2004	93,673,843	19,555,418	6,607,839	9,203,728	129,040,828

(1) Agricultural property, vacant property of non-profit agricultural use and miscellaneous
 Note: The basis of assessed value is approximately one hundred percent (100%) of actual value.

Source: Broward County Property Appraiser

Fiscal Year Ended Sept 30	Assessed Value		Exemptions		Net Assessed Value
	Real Property	Personal Property	Real Property	Personal Property	
2002	\$ 93,480,735	\$ 7,765,378	\$ 22,522,462	\$ 108,813	\$ 78,614,838
2003	116,080,924	8,030,740	28,789,301	123,306	95,199,057
2004	129,040,828	7,802,109	36,898,837	96,583	99,847,517

Source: Broward County Property Appraiser

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Property Tax Rates Per Thousand of Assessed Valuation
All Countywide Direct and Overlapping Governments
Last Three Fiscal Years

Fiscal Year Ended September 30	Children's Services Council	County	Schools	S Florida Water Management District	Total
Tax Rates (Per \$1,000 of Assessed Value):					
2002	0.3055	7.4005	8.7541	0.6970	17.1571
2003	0.3316	7.3650	8.8825	0.6970	17.2761
2004	0.3920	7.1880	8.4176	0.6970	16.6946

Fiscal Year Ended September 30	Children's Services Council	County (1)	Schools	S Florida Water Management District	TOTAL
Tax Levies (in thousands):					
2002	\$ 25,231	\$ 608,170	\$ 723,034	\$ 57,568	\$ 1,414,003
2003	30,660	672,307	814,957	63,949	1,581,873
2004	40,759	732,945	863,105	71,467	1,708,276

(1) Net of Certified Adjustments
Source: Broward County Revenue

Computation of Direct and Overlapping Debt (In Thousands)

Jurisdiction	Net Debt Outstanding	Percentage Applicable	Amount Applicable to Entity
Broward County (1)	\$ 492,140	100%	\$ 492,140
Broward County School Board (2)	103,018	100%	103,018
Total			\$ 595,158

Sources:

- (1) Broward County
- (2) The School Board of Broward County (As of June 30, 2004)

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

CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Principal Taxpayers (In Thousands)
September 30, 2004

Taxpayer	Type of Business	Taxes Levied	Percent to Aggregate Taxes Levied
Florida Power & Light Company	Public Utility	\$ 31,725	1.18%
BellSouth Corporation	Public Utility	17,873	0.66%
Diplomat Properties	Development	5,723	0.21%
Sunrise Mills, LTD	Development	5,624	0.21%
Northwestern Mutual Life	Insurance	3,164	0.12%
Sunbeam Properties Inc	Development	2,958	0.11%
Cocowalk Dev Inc	Development	2,920	0.11%
Marriott Ownership Resorts Inc	Development	2,479	0.09%
Motorola Inc	Wireless Equipment	2,461	0.09%
Keystone-Florida Property	Development	2,326	0.09%
Total principal taxpayers		\$ 77,253	2.87%

Source: Broward County Revenue Collector

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Demographic Statistics -
Last Three Fiscal Years

Fiscal Year Ended Sept 30	Population (4)	Labor Force (1)	Annual Unemployment Rate (1)	School Enrollment (2)	Resident Births (3)
2002	1,667,509	824,534	5.80%	266,272	22,139
2003	1,698,425	863,395	5.80%	271,339	22,274
2004	1,717,979	903,968	4.60%	272,691	22,576

Percent of Children with No Health Care Insurance Coverage (5)
Age 6

Year	Age 5 and Under	through 12	Age 13 through 17	Total
2002	3.50%	9.70%	8.90%	7.30%
2003	Not Available. Survey conducted every two years.			
2004	6.90%	15.60%	14.80%	12.10%

N/A Not Available. Survey conducted every two years.

Sources:

- (1) Bureau of Labor Statistics (September 2004)
- (2) School Board of Broward County
- (3) Florida Department of Health (Year 2003 does not include out of state births to Florida residents)
- (4) University of Florida, Bureau of Business and Economic Research (preliminary) as of April, 2004
- (5) South Florida Regional Planning Council

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

CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Number of Personnel
Last Three Fiscal Years

Fiscal Year Ended Sept 30	Full Time Personnel	Part- Time/Hourly Personnel	Total Personnel
2002	22	0	22
2003	25	0	25
2004	38	0	38

Number of employees at September 30

Source: Children's Services Council, Finance Administration

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Property Value of Building Permits Issued,
Construction and Bank Deposits (\$ in Thousands)
Last Three Fiscal Years

Fiscal Year Ended Sept 30	Commercial Construction Value (1)	Residential Construction Value (1)	Bank Deposits (2)
2002	\$ -	\$ 1,156,939	\$ 25,469,964
2003	-	865,500	28,073,514
2004	-	820,009	29,809,978

Sources:

- (1) Broward County Office of Planning (January 2002 through September 2003)
- (2) Florida Bankers Association (June 30)
- (3) Broward County Property Appraisers Office
- N/A Information Not Available

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

Property Tax Value (3)

Commercial	Residential	Nontaxable
\$ 26,714,652	\$ 66,766,083	\$ 22,522,462
32,440,187	83,640,748	28,789,301
35,366,985	93,673,843	36,898,837

CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Schedule of Insurance in Force
As of September 30, 2004

Policy/ Number	Insurance Company	Coverage	Policy Period
1CE8323	Essex Insurance Company	Commercial Property Policy Business Personal Property Extra Expense EDP Hardware	Sept 12, 2004-2005
3CM1000	Essex Insurance Company	General Liability Policy General Aggregate Personal & Advertising Injury Each Occurrence Damage to Rented Premises Medical Expense	Sept 12, 2004-2005
GA1125657	Gulf Insurance Company	Directors & Officers Liability	Oct 31, 2003-2004
FID900751600	Zurich American Ins. Co.	Commercial Crime	Dec 20, 2003-2004
830-28280	Bridgefield Insurance Company	Workers' Compensation Bodily Injury by Accident - each accident Bodily Injury by Disease - Policy Limit Bodily Injury by Disease - each employee	Jan 1, 2004 - 2005

Deductible or Self- Insured Retention	Policy Limits	Estimated Annual Premium
\$ 1,000	\$ 400,000 10,000 325,000	\$ 9,399
\$ 500	\$ 2,000,000 1,000,000 1,000,000 50,000 1,000	\$ 6,097
2,500	1,000,000	3,794
5,000	100,000	1,700
		7,628
	100,000	
	500,000	
	100,000	

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Miscellaneous Statistical Data

Broward County Government:

Established	1915
Type of Government	Charter (1975)
County Seat	Fort Lauderdale
Governing body	Board of County Commissioners
Term of office	Four years
Geographic area	1,285 square miles

Broward County:

Population - Total	1,717,979
Population by Age Group	
0 through Middle School (2000)	280,977
0 to 5 (PreK) (2000)	99,902
4 & 5 Years (Not in K) (2000)	24,676
School Age total (excluding high School) (2000)	181,074
Middle School (2000)	58,884
Elementary (Incl-K) (2000)	122,191
Labor Force	903,968
Number of Cities and Towns	30

Climate

(Minimum Period of Record: 30 years)

Average Temperature	75.9 degrees	F
Average High	83.4 degrees	F
Average Low	68.3 degrees	F
Total Annual Average Precipitation	64.2 inches	

Number of Public Schools

Elementary	136
Middle	40
High	27
Adult/Vocational	6
Centers	10
Charter Schools	25
Total	<u>244</u>

CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY
Miscellaneous Statistical Data, Continued

Major Universities

Barry University
Florida Atlantic University
Nova Southeastern University
University of Phoenix

Licensed Child Care:

Child Care Facilities	566
Child Care Homes	259
Registered Schools (Excluding public)	91

Accredited Centers/Schools (Gold Seal)

Centers (July - Sept 2004)	87
Schools - Pre-K	120

Source: Greater Fort Lauderdale, Florida Yellow Pages
Broward County Property Appraiser's Office
Bureau of Economic Research
Florida Research & Economic Database website www.labormarketinfo.com
Rand Florida website <http://fl.rand.org>
School Board of Broward County
The Florida Department of Children and Families



CHILDREN'S

SERVICES

COUNCIL

of Broward County

INTERNAL CONTROL & COMPLIANCE





NOWLEN, HOLT & MINER, P.A.

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

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

We have audited the basic financial statements of the Children's Services Council of Broward County as of and for the year ended September 30, 2004, and have issued our report thereon dated January 20, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Children's Services Council of Broward County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Children's Services Council of Broward County's management in the Management Letter dated January 20, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Children's Services Council of Broward County'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 that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of Children's Services Council of Broward County in a separate letter dated January 20, 2005.

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

Rawlen, Holt + Mireu, P.A.

January 20, 2005



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

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

Compliance

We have audited the compliance of the Children's Services Council of Broward County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2004. The Children's Services Council of Broward County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Children's Services Council of Broward County's management. Our responsibility is to express an opinion on the Children's Services Council of Broward County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 Children's Services Council of Broward County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Children's Services Council of Broward County's compliance with those requirements.

In our opinion, the Children's Services Council of Broward County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004.

Internal Control Over Compliance

The management of the Children's Services Council of Broward County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Children's Services Council of Broward County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Children's Services Council of Broward County's management in the Management Letter dated January 20, 2005.

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

Rawls, Halt & Moxen, P.A.

January 20, 2005

**Children's Services Council of Broward County
 Schedule of Findings and Questioned Costs
 September 30, 2004**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? _____yes X no
- Reportable condition identified that is not considered to be a material weakness? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____yes X no
- Reportable condition identified that is not considered to be a material weakness? _____yes X none reported

Type of auditors' report issued on compliance for major programs/project: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____yes X no

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
	U.S. Department of Health & Human Services
93.104	• CMHS Child Mental Health Service Initiative

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____yes X no

**Children's Services Council of Broward County
Schedule of Findings and Questioned Costs
September 30, 2004**

Section II—Financial Statement Findings

No matters are reported.

Section III—Federal Award Findings and Questioned Costs

No matters are reported.

**Children's Services Council of Broward County
Summary Schedule of Prior Audit Findings
September 30, 2004**

No matters were reported in the prior year.



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of Broward County

Measuring Success ...One Child at a Time

