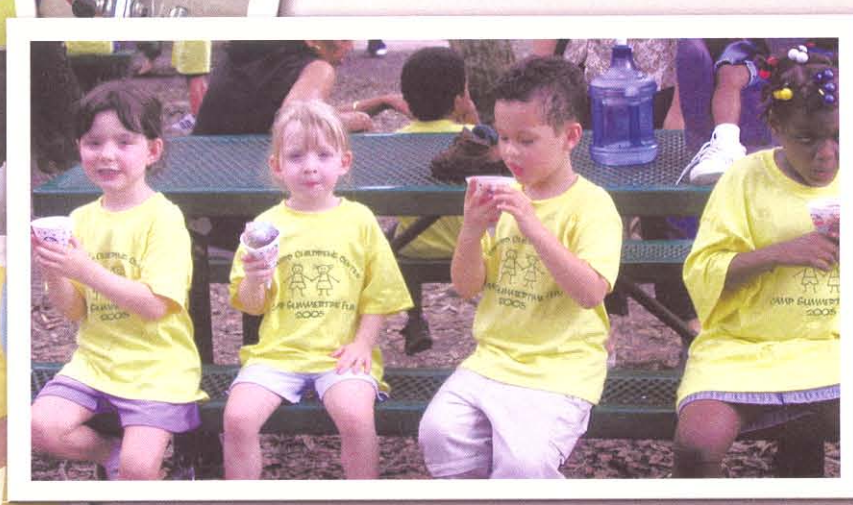
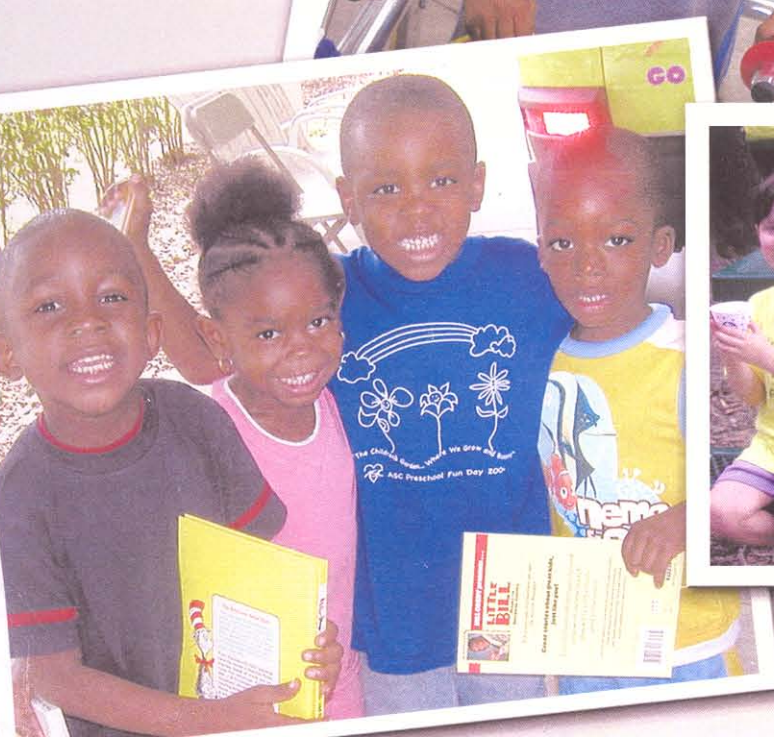
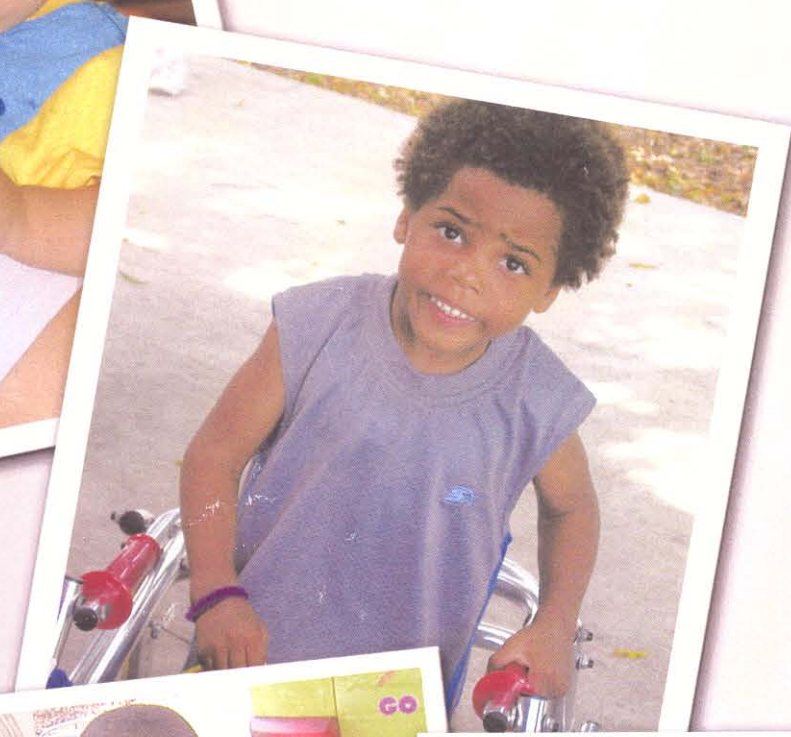


# Comprehensive Annual Financial Report

For Fiscal Year Ending  
September 30, 2005

Children's Services Council  
of Broward County, Florida

6301 NW 5<sup>th</sup> Way, Suite 3000  
Fort Lauderdale, Florida 33309  
[www.cscbroward.org](http://www.cscbroward.org)





# COUNCIL MEMBERS



**Honorable Carole Andrews**  
Council Chair  
School Board Member



**Marti Huizenga**  
Governor Appointee



**Honorable Julie Koenig**  
Vice Chair  
Governor Appointee



**Laurie J. Sallarulo**  
Governor Appointee



**Ana M. Valladares**  
Secretary



**Dr. Frank Till**  
School Superintendent



**Jack L. Moss, Immediate Past Chair**  
District Administrator,  
Department of Children & Families



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



**Honorable Lawrence L. Korda**  
Judicial Member



**Gregory Durden, Esquire**  
Governor Appointee



**Honorable Suzanne N. Gunzburger**  
County Commission Member



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**for the**

**Fiscal Year Ended September 30, 2005**



**Issued By:**

**Cindy J. Arenberg Seltzer, President/CEO**

**Prepared By:**

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



CHILDREN'S

SERVICES

COUNCIL

*of Broward County*

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Comprehensive Annual Financial Report**  
**For The Year Ended September 30, 2005**

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CHILDREN'S

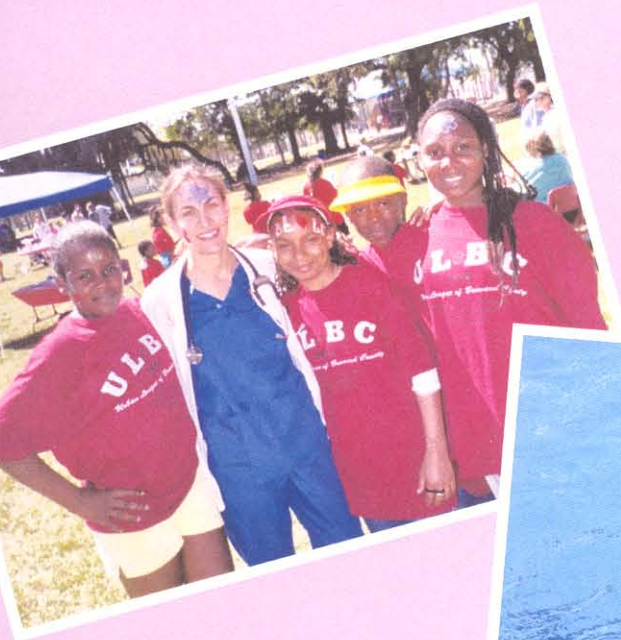
SERVICES

COUNCIL

*of Broward County*



# Introductory Section









**CHILDREN'S  
SERVICES  
COUNCIL  
MEMBERS:**

*Carole Andrews, Chair  
School Board Member*

*Honorable Julie B. Koenig,  
Vice Chair  
Governor Appointee*

*Ana M. Valladares, Secretary  
Governor Appointee*

*Jack L. Moss,  
Immediate Past Chair  
DCF District Administrator*

*Gregory Durden  
Governor Appointee*

*Commissioner  
Suzanne N. Gunzburger  
County Commission*

*Marti Huizenga  
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*Honorable Lawrence L. Korda  
Judicial Member*

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

*Laurie J. Sallarulo  
Governor Appointee*

*Dr. Frank Till  
School Superintendent*

**STAFF**

*Cindy Arenberg Seltzer  
President/CEO*

**LEGAL COUNSEL**

*John M. Milledge*

*Garry W. Johnson*

January 27, 2005

Members of the Children's Services Council  
of Broward County  
6301 NW 5<sup>th</sup> 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, 2005. 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, 2005 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, 2005, 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 jurisdiction of the Council is contiguous with Broward County, one of the fastest growing counties in Florida. The mission of the CSC 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 fourth 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 fourth 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 past four years. Expenditures for various children’s services within the community have increased substantially in the past four years beginning with \$7.9 million, \$25.3 million, \$33.5 million and \$42.5 million in fiscal years 2002, 2003, 2004, and 2005 respectively. This trend will continue as CSC has budgeted \$54.5 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 an estimated 2,987 full time equivalent positions.

## ***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, 2005 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 1<sup>st</sup>. Once the final property tax values are determined by the Property Appraiser’s Office, the Council must hold two public hearings in September as required under the Truth-in-Millage (“TRIM”) Act. Each year, following the required disclosures and the conduct of hearings for taxpayer comment, the Council Members set the final tax rates and adopt a budget. The budget is prepared by function and transfers of appropriation between programs require Council 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. The 23 miles of beaches coupled with the tropical climate, as well as a flourishing melting pot of cultural diversity (25% of the County's population are foreign born) add to the richness of the area. However, Broward County is beginning to feel the pinches of urban living as the County reaches build-out for new development and the need for affordable / workforce housing becomes a greater issue.

Furthermore, Broward County was not as fortunate as past years and did suffer direct impact from two of the major hurricanes that struck the State. The storms' long-term economic impact has yet to be determined and the needs of the County's most affected residents are still being assessed.

Nevertheless, economic conditions at the beginning of the year in Broward County continued strong in the areas of economic expansion and job growth. The unemployment claims in Broward County went down in fiscal year 2005 and the year began with increased consumer confidence. It remains to be seen what long-term effect, if any, the hurricanes will have on the local economy.

The County's tourism rate continues to reflect strong and vibrant presence of visitors to our community as confirmed by a record breaking 9.4 million visitors during the year. Hotel occupancy increased 8 percent in fiscal year 2005 from the prior year even as the average daily rate and bed taxes increased. Additionally, the local airport, while undergoing a major expansion construction project, continues to manage a substantial increase in the number of passengers. As of 2004, the Ft. Lauderdale-Hollywood International Airport was ranked 23<sup>rd</sup> busiest in the United States and 48<sup>th</sup> busiest in the world. This increase also flows over to the Port of Everglades, where cruise travel infuses more than \$2.4 billion annually and provides more than 19,000 jobs through cruise travel and international trade activity.

Broward County's strong housing market reflects similar trends as seen throughout the country. While fewer existing homes are selling, a decrease of more than 28% from July 2004 to July 2005, the prices of homes are increasing. For example, the median price of a single-family home increased to \$385,600 in July 2005 – an increase of 27.7% from \$301,900 in July 2004. This trend of increased property values in both the residential and commercial markets has driven up the property tax rolls which are up by 16.32% --the fourth 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 which allowed the Council to maintain the 2005 millage rate for fiscal year 2006.

In conclusion, forecasts for the near-term economic outlook appear steady in the next year as the County recovers from the effects of the storms. While the area is susceptible to being impacted by major storms, there remain basic indicators that point to Broward County's sustained economic vitality. These include: projected annual population growth over the next 5 years; improved employment numbers; strength in housing; moderate inflation, interest 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 fourth year and is looking forward to building upon those successes to promote further gains for Broward's children and families. Fourth year financial initiatives include:

- ◆ \$5.7 million of Council funding leveraged approximately \$767,000 in additional federal/state dollars to provide child care for 450 children each month. The total funding provided over 1,700 children of the “working poor”, historically an underserved population, the opportunity for placements in subsidized child care.
- ◆ Responded to community requests by designing quality Summer and After School programs for economically disadvantaged children and for children with physical, developmental or behavioral disabilities. Over 11,000 children attended the Summer program 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.
- ◆ Funded a new Summer Youth Employment initiative wherein over 550 teens were given an opportunity to gain knowledge of the working environment. Feedback from both the participating youth and employers was overwhelmingly positive.



- ◆ 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. The Back to School campaign distributed over \$527,000 to more than 100,000 low income children for back-to-school clothing, backpacks, and supplies.
- ◆ Worked collaboratively at the state and national level to advocate on behalf of youth aging out of the foster care system. The Council led the effort to restore an extended foster care option for post-18 year olds, allow juvenile court to extend jurisdiction through age 19 and provide subsidized insurance through age 19. Additionally, the Council funded two programs totaling \$500,000 serving this population in which 97% of the youth served stayed in school and either graduated or obtained their GED.
- ◆ In response to the growing hunger crisis in the County, the Council's on-going alliance with the local Million Meals Committee has resulted in the most successful year ever. This partnership 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. In large part due to the responses to Hurricanes Katrina and Wilma, the Committee surpassed their one million pound goal by two million pounds for a total of 3,052,044 pounds of food collected for the year.
- ◆ The Council leads an Agency Capacity Building Committee of key community funders and service providers in an open dialog on concerns and issues related to funding and building capacity for emerging, niche, and community-based organizations serving children and their families. The Committee identified six priority areas to be examined throughout the year.
- ◆ For the third year, the Council partnered with the Internal Revenue Service and local human service providers to aggressively promote the Earned Income Tax Credit ("EITC") program for working families. During the first two years of the campaign, an additional \$47.3 million went directly into the pockets of Broward County citizens. For fiscal year 2005 the Council spent \$186,000 to promote EITC, and while final county-wide IRS figures for tax year 2004 are not yet available, we do know that at least \$5.9 million was generated from tax returns prepared at CSC designated Volunteer Income Tax Assistance ("VITA") sites, an increase of 11.3 percent from the prior year.
- ◆ The Council set the stage for the future funding of several long-term initiatives, two of which include creating a seamless system of care for the special needs community and providing support for kinship caregivers. For the special needs initiative, the Council commissioned a \$100,000 study which resulted in a business plan in which to systematically address the requirements for this community. For the kinship initiative, several town hall meetings were conducted with interested community members to explore the best methodology for meeting their needs. Both of these projects resulted in request for proposals in the following year.

The Council's budget for fiscal year 2005-2006, its fifth fiscal year, is \$61 million, an increase of 25.8 percent. This will allow for the expansion of existing effective programs, as well as initiating innovative new programs and services. To illustrate, there are an additional five competitive RFP's planned for next year. In addition to the two new initiatives mentioned above, other proposed RFP's include programs to address literacy deficiencies, the continuation and expansion of programs to reduce delinquency, as well as the continuance of summer programs.

The Council continues to improve its ability to systematically track contractual data, performance-based outcomes and the community impact of funded programs. A web-enabled database maintains provider demographic data and accounts for the reimbursement of expenditures by unit of service. State-wide databases from various state agencies serving youth are use to compile and analyze performance outcome data. This comprehensive approach enables the Council to evaluate programs and services to ensure effective utilization of Council funding.

Since its inception four years ago, the Council adopted the Sterling management philosophy towards strategic planning and has excelled in creating a dynamic and effective infrastructure. Finally, in order to help manage the Council's goals and objectives and very aggressive task list, management is in the final stages of implementing the Balanced Scorecard approach to aligning business practices.

### ***Certificate of Achievement for Excellence on Financial Reporting***

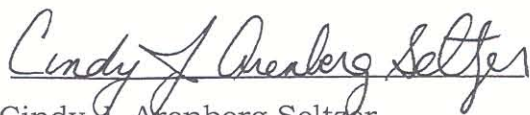
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Children's Services Council of Broward for its comprehensive annual financial report for the fiscal year ended September 30, 2004. This was the third 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/CE

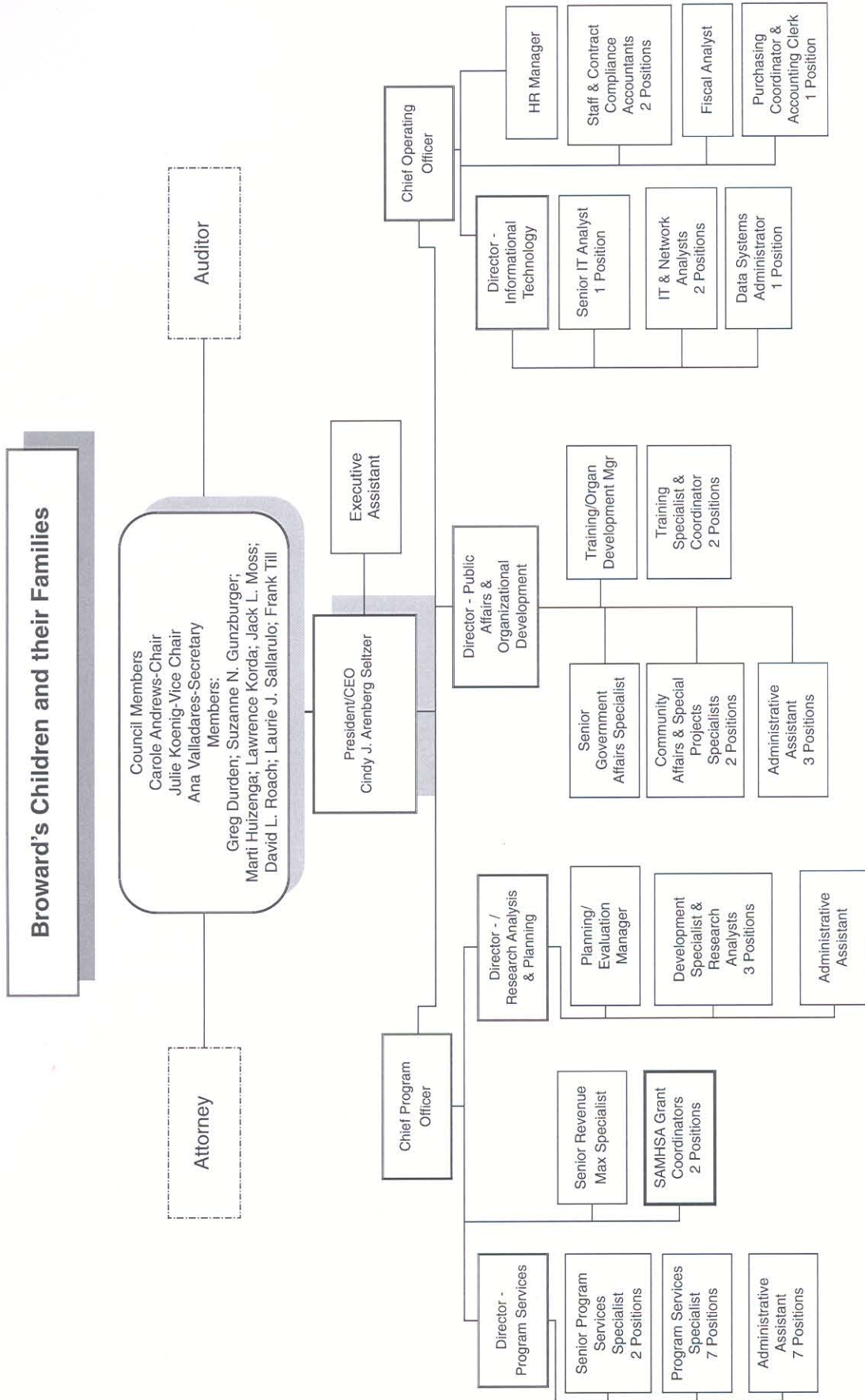


Monti Larsen,  
Chief Operating Officer

# Children's Services Council of Broward County

## Organizational Chart and List of Principal Officials

Fiscal Year 2004-2005





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, 2004

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. Ziehl*

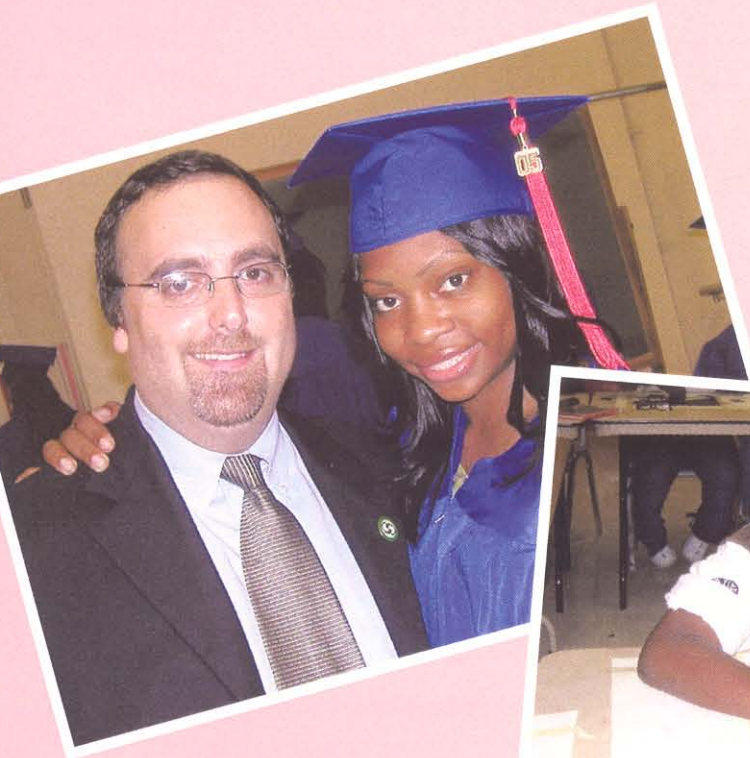
President

*Jeffrey R. Emer*

Executive Director



# Financial Section









# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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JANET R. BARICEVICH, CPA  
MARK B. ELHILOW, PFS, CPA

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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 and each major fund of the Children's Services Council of Broward County as of and for the year ended September 30, 2005, 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 and each major fund of the Children's Services Council of Broward County as of September 30, 2005, 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 27, 2006, 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 conjunction with this report in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Children's Services Council of Broward County's basic financial statements. The letter of transmittal and the 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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Children's Services Council of Broward County. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The letter of transmittal and the 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.

*Rawlen, Halt + Miner, P.A.*

January 27, 2006



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

## **Management's Discussion and Analysis September 30, 2005**

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, 2005. 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, 2005 concludes the fourth full year of operations and results from these various programs further demonstrates the mission and related goals/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 .4231 mills, which was the basis for a \$53.4 million budget to continue and expand services to children and families.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$20.2 million (net assets). Of this amount, \$19.9 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 fourth year of operations increased 27.1% from \$35.1 million last fiscal year to \$44.6 million this fiscal year. This anticipated increase stemmed from programs implemented last year which are now annualized, expansion of services including family strengthening, maternal child well being, and 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:
  - Increased after-school programs over 24.5% from \$7.8 million to \$9.7 million. Services are provided in over 100 locations throughout the County and serving over 12,800 children.

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

## **Management's Discussion and Analysis September 30, 2005**

- Expanded Summer programs 52.3% from \$7.4 million the prior year to \$11.2 million this fiscal year serving over 11,000 youth in 111 locations countywide. This expansion included an innovative youth employment component providing over 550 teens the opportunity to gain knowledge of the working environment and skills to succeed.
- Enhanced water safety education and drowning prevention program 75% (\$300,000) which provided an additional 2,460 children with water safety lessons and 200,000 elementary students with water safety booklets.
- Increased expenditures for various juvenile diversion and delinquency prevention programs 67.7% from \$2.1 million to \$3.6 million. This significant increase in expenditures reflects the first full year of operations for several programs, as well as inclusion of a new initiative. The new initiative entails legal advocacy for girls with involvement in the dependency and delinquency systems. Other diversion and prevention programs address community needs for youth development and public safety.
- Initiated various new programs totaling over \$2 million. These new programs included: \$500,000 allocated for helping youth aging out of the foster care system transition into adulthood; \$907,000 allocated for programs designed to reduce risky behavior and keep youth safe, engaged and productive; \$500,000 allocated for partnering with four local cities to build "inclusive playgrounds" to allow children and adults with special needs to participate with their typically able family members and peers; and finally \$150,000 allocated for the provision of adaptive medical equipment for children with special needs.
- ◆ The total number of contracts for programs and services increased 34% from 147 in fiscal year 2004 to 197 in fiscal year 2005. Furthermore, the total administrative rate decreased slightly .68% from 8.33% in fiscal year 2004 to 7.65% in fiscal year 2005. This calculation excludes non-operating expenses of tax collection and community redevelopment fees. This minimal administrative cost 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, 2005**

### **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, 2005**

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 fourth 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, 2005**

*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 the reconciliation at the end of the related fund financial statement.

While some funds are required to be established by State law, currently the Council uses the General Fund and Special Revenue Fund as defined by the Governmental Accounting Standards Board ("GASB"). The General Fund is used to account for all financial resources except those required to be reported in another fund. The Special Revenue Fund is used to account for 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, 2005**

### **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 fourth year of generating tax revenue, assets exceeded liabilities by \$20.2 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,**

	<b>FY 2005</b>	<b>FY 2004</b>
Current and Other Assets	\$ 26,713,532	\$ 22,423,020
Capital Assets	297,277	315,583
Total Assets	27,010,809	22,738,603
Current and Other Liabilities	6,594,584	3,132,447
Long-Term Liabilities	254,807	180,120
Total Liabilities	6,849,391	3,312,567
Net Assets:		
Invested in Capital Assets	297,277	315,583
Unrestricted	19,864,141	19,110,453
Total Net Assets	\$ 20,161,418	\$ 19,426,036

- ◆ The change in net assets from last fiscal year to this fiscal year was an increase of \$735,000. The unrestricted net assets are committed to on-going contracts in the upcoming fiscal year.
- ◆ Net capital assets decreased \$18,306 from the prior year as total depreciation expense of \$128,272 was greater than new purchases of \$109,966. Further analysis of the new capital purchases highlights that 85% or \$93,765 are programmatically related and are used at the provider locations. The remaining 15% or \$16,201 is for administrative related computers and software system improvements.

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

## **Management's Discussion and Analysis September 30, 2005**

- ◆ The current and other liabilities category is comprised primarily of accounts payable, which increased \$3.5 million due to the increase of provider services and the 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 \$74,687 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,**

	<b>FY 2005</b>	<b>FY 2004</b>
Revenues:		
Property Taxes	\$ 46,299,021	\$ 38,323,485
Investment Earnings	1,145,141	439,573
Other	683,753	800,415
Total Revenues	<u>48,127,915</u>	<u>39,563,473</u>
Expenses:		
Contracted Programs	44,607,877	35,092,473
General Administration	2,142,081	2,096,073
Community Redevelopment and Tax Collector Fees	642,575	907,649
Total Expenses	<u>47,392,533</u>	<u>38,096,195</u>
Increase in Net Assets	735,382	1,467,278
Net Assets - Beginning of Year	<u>19,426,036</u>	<u>17,958,758</u>
Net Assets - End of Year	<u>\$ 20,161,418</u>	<u>\$ 19,426,036</u>

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

## **Management's Discussion and Analysis September 30, 2005**

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2005, property taxes totaled \$46.3 million. While the Council is authorized to levy up to .5 mills, for fiscal year 2004-2005 the property tax levy was established at .4231 mills up from .0311 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 \$1.1 million in fiscal year 2005, which is a significant 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 revenue** for the current year equal \$683,753 and includes grant revenue, training registration and miscellaneous revenue. The SAMHSA grant represents 93% or \$637,063 of other revenue. The remaining amount categorized as other revenue consists of \$28,172 reimbursement from the Federal Title IV-E Foster Care Program through an agreement with Florida Department of Children and Families and \$18,518 miscellaneous revenues primarily generated through various training registration fees.
- ◆ **Expenses for Contracted Programs** and related administration totaled \$44.6 million in fiscal year 2005, a 27.1% increase or \$9.5 million from fiscal year 2004. This increase represents our fourth full year of operations and continued growth in programs and services for children and their families throughout the County. The number of provider contracts increased 34% from 147 to 197 contracts for various children's services. Concurrently, five new positions were created within Contract Administration to manage the growth and the increased workload. As the graph on the following page illustrates, 94.12% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 90.32% are directly contracted to local service providers.
- ◆ **Expenses for General Administration** totaled \$2.1 million in fiscal year 2005, a negligible increase of \$46,008 from fiscal year 2004. Moreover, general administrative costs only represent 4.52% 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.



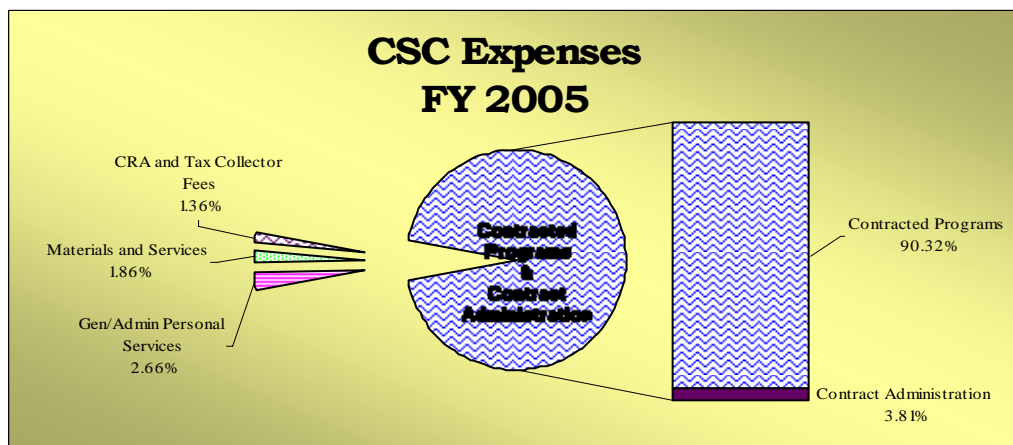
# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2005**

The Community Redevelopment and Tax Collector fees, discussed in the following paragraph, make up the remaining 1.36% of the administrative expense.

- ◆ **Community Redevelopment and Tax Collector fees** for fiscal year 2005 decreased considerably by 29.2% or \$265,074 for a total of \$642,575. 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 significant decrease is due to the successful collaboration between the Council and many of the CRA's to use these funds for programs and services that affect children in these areas. These partnerships between the Council and the CRA's have resulted in \$782,412 for children's services within those CRA communities. Additionally, the Council is continuing negotiations with the few remaining CRA's to dedicate this funding for children's services in their respective areas.

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2005.



Our analysis below separately considers the operations of governmental activities.

# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

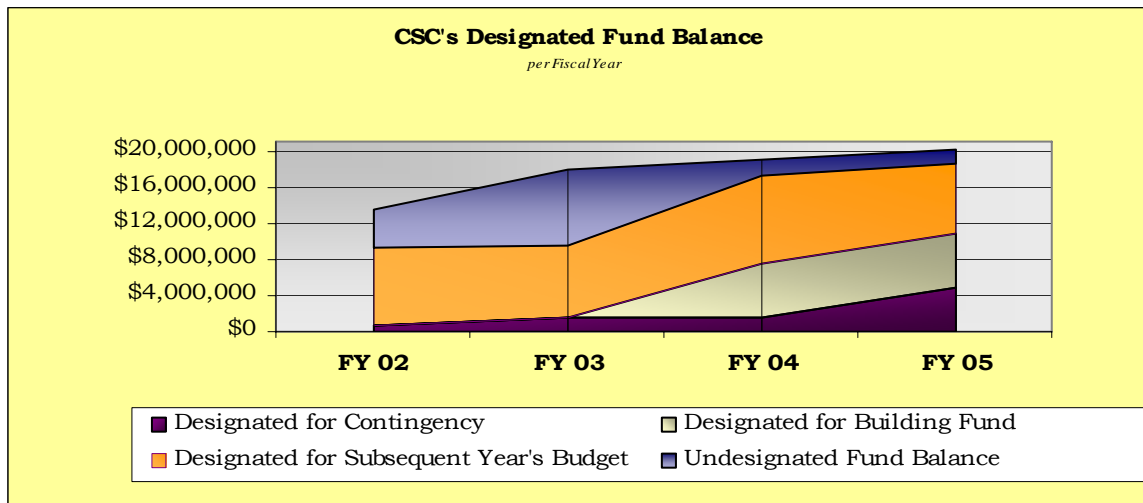
## Management's Discussion and Analysis September 30, 2005

### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its fourth year of operations, the governmental funds (as presented in the balance sheet on page 20) reported a total fund balance of \$20.1 million. Included in the fund balance is \$64,992 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, \$7.8 million is designated for the subsequent year's budget; thereby, effectively reducing the necessary millage rate for fiscal year 2005-2006. An additional designation of fund balance includes \$4.8 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 four years. This leaves a remaining undesignated fund balance of \$1.5 million, decreased from the previous year of \$1.8 million.

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



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

## **Management's Discussion and Analysis September 30, 2005**

- ◆ **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 \$9.8 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$8.7 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. To illustrate:
  - The Council released six separate Requests for Proposals (“RFP”) throughout the fiscal year; five 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 research and write as well as the procedural processes of evaluating, awarding and negotiating the contracts with the providers. Once the contracts are finalized, it takes time for the provider to complete training in best practices approaches, to create appropriate referral mechanisms and to engage clients in full service delivery. 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

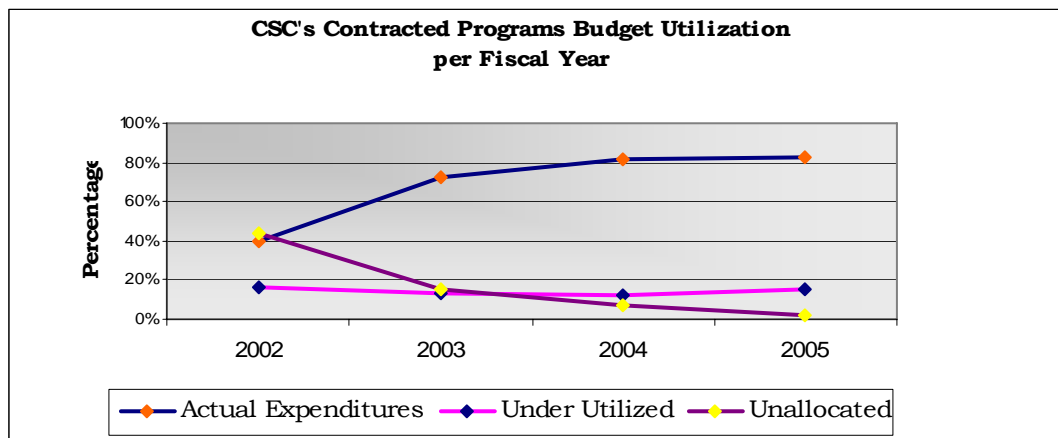
# **CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**

## **Management's Discussion and Analysis September 30, 2005**

providers to help them provide the services and therefore, utilize the available funds.

- Monitoring the contracted programs, both programmatically and administratively/financially reflects a variance in the amount of \$273,747. 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 a cadre of local accounting firms conduct the administrative/financial monitoring for all CSC funded programs. This methodology has been very successful; providing useful information which is used to improve program design, as well as 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 \$849,354 above the final budgeted amount. This positive variance was a result of higher than expected interest earnings and the revenue generated through the Title IV E Foster Care Program.

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

At the end of fiscal year 2005, the Council had \$297,277 invested in capital assets. These assets are primarily the computer hardware and related



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

## **Management's Discussion and Analysis September 30, 2005**

software. More detailed information about the Council's policies concerning capital assets is presented in Note 2 of the Notes to the Financial Statements.

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 2005 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 a complex picture of mixed economic indicators. While Broward County was directly impacted by two major hurricanes one in mid-August and the other at the end of October, the immediate and long-term effects on the local economy have yet to be ascertained.

Unemployment in the greater Fort Lauderdale/Miami region as of September 2005, continues to trend downward to 4.0 percent versus 4.6 percent a year ago and 5.6 percent in September 2003. The local unemployment data is somewhat higher than the State's unemployment rate of 3.5 percent and significantly lower than the national rate of 5.1 percent as of September 2005.

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 4.0 percent for the calendar year compared with the average U.S. city rate of 3.0 percent. Inflation is higher here due in part to the residential housing market boom, increased homeowners insurance premiums and energy price increases in 2004-2005. Recent new data show that consumer prices in South Florida are rising nearly 50 percent more than the national average and what's more, salaries are not keeping pace with these increased costs. Median household income in Broward County has been flat or lost ground since 2000. Thus, affordable housing has become an area of great concern to local officials.

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

## **Management's Discussion and Analysis September 30, 2005**

The recent mixed economic news and the County's changing demographics do not translate to the decline in the need for services. Actually, quite the contrary as the County's child population continues to increase each year. For the past two years the percentage of growth for 0-17 years old was 2.2% (429,988) and 1.4% (420,788) for fiscal years 2005 and 2004, respectively. The Council and local providers are challenged to keep pace with the ever growing needs of the County.

Currently, the Council is afforded a degree of flexibility on how the budget is developed given that it remains a fairly new organization and 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.

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 \$7.8 million of fund balance in the subsequent fiscal year. This allowed the Council members to remain at the same millage rate of .4231 mills for the upcoming 2005-2006 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 Operating Officer at 6301 NW 5<sup>th</sup> Way, Suite 3000, Ft. Lauderdale, Florida 33309 or visit our website at: [www.cscbroward.org](http://www.cscbroward.org).

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Net Assets**  
**September 30, 2005**

	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 2,384,741
Investments	23,953,078
Taxes Receivable	16,685
Accounts and Interest Receivable	26,291
Due from Other Governments	267,745
Prepaid Expenses	64,992
Total Current Assets	26,713,532
Other Assets:	
Capital Assets, Net of Accumulated Depreciation:	
Equipment	115,193
Computer Hardware/Software	182,084
Total Capital Assets, Net	297,277
Total Assets	27,010,809
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	6,529,999
Salaries and Fringe Benefits Payable	38,330
Deferred Revenues	275
Total Current Liabilities	6,568,604
Noncurrent Liabilities:	
Compensated Absences:	
Expected to be paid within one year	25,980
Expected to be paid after one year	254,807
Total Liabilities	6,849,391
<b>NET ASSETS</b>	
Invested in Capital Assets	297,277
Unrestricted	19,864,141
Total Net Assets	\$ 20,161,418

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, 2005**

	<b>Total Governmental Activities</b>
<b>Expenses:</b>	
Contracted Programs:	
Contract/Direct Services	\$ 42,804,585
Contract Administration	1,803,292
	44,607,877
Total Contracted Program Expenses	
General Administration:	
Personal Services	1,262,444
Materials and Services	879,637
Community Redevelopment and Tax Collector Fees	642,575
	2,784,656
Total General Administration Expenses	
<b>Total Expenses</b>	<b>47,392,533</b>
<b>General Revenues:</b>	
Property Taxes	46,299,021
Investment Earnings	1,145,141
Federal through State	665,235
Miscellaneous Local	18,518
	48,127,915
Total General Revenues	
Change in Net Assets	735,382
Net Assets - Beginning of the Year	19,426,036
Net Assets - End of the Year	\$ 20,161,418

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, 2005**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 2,372,969	\$ 11,772	\$ 2,384,741
Investments	23,953,078	-	23,953,078
Taxes Receivable	16,685	-	16,685
Accounts and Interest Receivable	26,265	26	26,291
Due from Other Governments	28,172	239,573	267,745
Due from Other Funds	109,057	-	109,057
Prepaid Expenditures	64,992	-	64,992
Total Assets	<u>\$ 26,571,218</u>	<u>\$ 251,371</u>	<u>\$ 26,822,589</u>
<b>LIABILITIES and FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 6,387,685	\$ 142,314	\$ 6,529,999
Salaries and Fringe Benefits Payable	38,330	109,057	147,387
Deferred Revenue	275	-	275
Due to Other Funds	-	-	-
Total Liabilities	<u>6,426,290</u>	<u>251,371</u>	<u>6,677,661</u>
Fund Balance:			
Reserved for:			
Reserved for Prepaid Expenditures	64,992	-	64,992
Unreserved/Designated for:			
Designated for Contingency	4,800,000	-	4,800,000
Designated for Subsequent Year's Budget	7,769,142	-	7,769,142
Designated for Building Fund	6,000,000	-	6,000,000
Undesignated Fund Balance	1,510,794	-	1,510,794
Total Fund Balance	<u>20,144,928</u>	<u>-</u>	<u>20,144,928</u>
Total Liabilities and Fund Balance	<u>\$ 26,571,218</u>	<u>\$ 251,371</u>	<u>\$ 26,822,589</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, 2005**

Fund Balances - Total Governmental Funds \$ 20,144,928

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	875,120	
Less accumulated depreciation	<u>(577,843)</u>	297,277

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

Compensated absences		(280,787)
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Net Assets of Governmental Activities		<u><u>\$ 20,161,418</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, 2005**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 46,299,021	\$ -	\$ 46,299,021
Interest on Investments	1,145,141	-	1,145,141
Miscellaneous Local	18,518	-	18,518
Federal through State	28,172	637,063	665,235
Total Revenue	<u>47,490,852</u>	<u>637,063</u>	<u>48,127,915</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Contracted Programs:</b>			
Contract/Direct Services	42,148,034	379,698	42,527,732
Monitoring	276,853	-	276,853
Total Contracted Services	<u>42,424,887</u>	<u>379,698</u>	<u>42,804,585</u>
<b>Contract Administration:</b>			
Employee Salaries & Benefits	1,423,078	127,842	1,550,920
Other Consultants	94	101,911	102,005
Material and Supplies	7,510	2,742	10,252
Printing and Advertising	9,407	3,064	12,471
Telecommunications	4,869	648	5,517
Other Expenditures	24,164	17,928	42,092
Total Contract Administration	<u>1,469,122</u>	<u>254,135</u>	<u>1,723,257</u>
<b>General Administration:</b>			
Employee Salaries & Benefits	1,258,351	-	1,258,351
Legal Fees	24,676	-	24,676
Auditors and Other Consultants	37,492	-	37,492
Materials and Supplies	41,510	-	41,510
Printing and Advertising	13,727	-	13,727
Other General Administration	362,517	-	362,517
Telecommunications	46,963	-	46,963
Other Expenditures	151,334	-	151,334
Tax Collection Fees	219,939	-	219,939
Community Redevelopment Area Fees	442,636	-	442,636
Total General Administration	<u>2,599,145</u>	<u>-</u>	<u>2,599,145</u>

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Capital Outlay:</b>			
Computer Hardware/Software	139,184	1,420	140,604
Furniture/ Equipment	22,607	1,810	24,417
Remodeling/Renovations	165	-	165
Total Capital Outlay	<u>161,956</u>	<u>3,230</u>	<u>165,186</u>
<b>Total Expenditures</b>	<u>46,655,110</u>	<u>637,063</u>	<u>47,292,173</u>
<b>Net Change in Fund Balance</b>	835,742	-	835,742
<b>Beginning Fund Balance</b>	<u>19,309,186</u>	<u>-</u>	<u>19,309,186</u>
<b>Ending Fund Balance</b>	<u>\$ 20,144,928</u>	<u>\$ -</u>	<u>\$ 20,144,928</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, 2005**

Net Change in Fund Balances - Total Governmental Funds \$ 835,742

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	109,966	
Less current year depreciation	<u>(128,272)</u>	(18,306)

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	(82,054)
--	----------

Change in Net Assets of Governmental Activities	<u>\$ 735,382</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, 2005**

### **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, 2005**

### **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 Special Revenue Fund to account for a federal grant.

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

## **Notes to the Financial Statements**

**September 30, 2005**

### **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 revenues to be available if they are collected within sixty days of the end of the current fiscal year. The Council considers other revenues to be available if they are collected within six months of the end of the 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, 2005**

### **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, 2005**

**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, 2005**

**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, 2005**

**3. DEPOSITS AND INVESTMENTS**

***Statement of Policy***

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

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

***Deposits***

Florida statutes authorize the deposit of the Council funds in demand deposits or time deposits of financial institutions approved by the State Treasurer and are defined as public depositories. Pursuant to Chapter 280, Florida Statutes, the State Treasurer requires Qualified Public Depositories ("QPD") to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure, the remaining public depositories would be responsible for covering any losses. All bank balances of the Council are held in a QPD. The book value of the Council's deposits does not differ materially from the bank balance of deposits. The Council's deposits at year end are considered insured for custodial credit risk purposes.

***Investments***

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

Cash and Investments as of September 30, 2005 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
Cash Deposits	\$ 2,384,741	-	\$ -
Investments with the SBA	23,953,078	49 days	23,953,078
Total Cash and Investments	<u>\$ 26,337,819</u>		<u>\$ 23,953,078</u>

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

**Notes to the Financial Statements**

**September 30, 2005**

**3. DEPOSITS AND INVESTMENTS, (Continued)**

***Credit Risk***

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Council's investment policy limits its investments to high quality investments to control credit risk. For liquidity purposes as well as to control risk, all of the Council's investments for fiscal year 2005 were invested with the SBA.

***Interest Rate Risk***

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

**4. ACCOUNTS AND INTEREST RECEIVABLE**

Accounts and Interest Receivable at September 30, 2005 consists of the following:

	General Fund	Special Revenue Fund
Interest Receivable	\$ 14,995	\$ -
Refunds/Settlements	8,841	-
Co-locator Services	1,759	-
Registration Fees	540	-
Employee Reimbursements	130	26
Total Accounts Receivable	<u>\$ 26,265</u>	<u>\$ 26</u>

**5. INTERFUND RECEIVABLES AND PAYABLES**

Interfund Receivables and Payables at September 30, 2005 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 109,057	\$ -
Special Revenue Fund	-	109,057
Total	<u>\$ 109,057</u>	<u>\$ 109,057</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, 2005

### 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 2005 was 0.4231 mills. Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for real and personal property located within Broward County. The adjusted assessed value at July 1, 2005 upon which the fiscal year 2005 levy was based, was approximately \$129.6 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. The initial discount period was extended 15 days this fiscal year due to the impact of the hurricanes.

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, 2005 is \$16,685.

### 7. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2004	Additions	Deletions	Balance at Sept 30, 2005
Capital Assets:				
Equipment	\$ 150,567	\$ 24,999	\$ -	\$ 175,566
Computer Hardware/Software	614,587	84,967	-	699,554
Total Capital Assets	765,154	109,966	-	875,120
Less Accumulated Depreciation:				
Equipment	28,033	32,340	-	60,373
Computer Hardware/Software	421,538	95,932	-	517,470
Total Accumulated Depreciation	449,571	128,272	-	577,843
Capital Assts, Net	\$ 315,583	\$ (18,306)	\$ -	\$ 297,277

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

**Notes to the Financial Statements  
September 30, 2005**

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

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

Contract Administration	\$ 95,839
General Administration	<u>32,433</u>
Total Depreciation Expense	<u>\$ 128,272</u>

**8. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for fiscal year ended September 30, 2005:

	Beginning Balance Oct 1, 2004	Increases	Decreases	Ending Balance Sept 30, 2005	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 186,135	\$ 179,669	\$ (106,004)	\$ 259,800	\$ 25,980
Sick Leave Accrual	12,598	62,237	(53,848)	20,987	-
Total Compensated Absences	<u>\$ 198,733</u>	<u>\$ 241,906</u>	<u>\$ (159,852)</u>	<u>\$ 280,787</u>	<u>\$ 25,980</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, 2005 amounted to \$15,785. The current facility expense for the fiscal year ended September 30, 2005 was \$322,701.



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

**Notes to the Financial Statements  
September 30, 2005**

**9. OPERATING LEASES, (Continued)**

Future minimum lease payments for these leases are as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Minimum Equipment Lease Payment</b>	<b>Minimum Office Lease Payment</b>
2006	\$ 23,160	\$ 327,394
2007	23,160	343,185
2008	-	357,430
2009	-	189,729
2010	-	-
	<u>\$ 46,320</u>	<u>\$ 1,217,738</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 7.83% for regular employees and 10.45% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2005, 2004, and 2003 were \$167,583, \$128,777, and \$80,237 respectively, equal to the required contribution.

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

**Notes to the Financial Statements**

**September 30, 2005**

**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 \$7.8 million. This amount is appropriated in the fiscal year 2005-2006 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, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 46,367,853	\$ 46,367,853	\$ 46,299,021	\$ (68,832)
Interest on Investments	250,000	250,000	1,145,141	895,141
Miscellaneous Local	22,995	23,645	18,518	(5,127)
Federal Through State	-	-	28,172	28,172
<b>Total Revenue</b>	<b>46,640,848</b>	<b>46,641,498</b>	<b>47,490,852</b>	<b>849,354</b>
<b>Expenditures:</b>				
<b>Contracted Programs:</b>				
Contract/Direct Services	47,483,539	50,830,452	42,148,034	8,682,418
Monitoring	550,600	550,600	276,853	273,747
<b>Total Contracted Services</b>	<b>48,034,139</b>	<b>51,381,052</b>	<b>42,424,887</b>	<b>8,956,165</b>
<b>Contract Administration:</b>				
Employee Salaries & Benefits	1,495,379	1,567,247	1,423,078	144,169
Other Consultants	10,000	9,012	94	8,918
Material and Supplies	7,000	11,019	7,510	3,509
Printing and Advertising	12,000	9,548	9,407	141
Telecommunications	5,000	4,927	4,869	58
Other Expenditures	25,000	25,144	24,164	980
<b>Total Program Services</b>	<b>1,554,379</b>	<b>1,626,897</b>	<b>1,469,122</b>	<b>157,775</b>
<b>General Administration:</b>				
Employee Salaries & Benefits	1,390,103	1,318,235	1,258,351	59,884
Legal Fees	60,000	60,000	24,676	35,324
Auditors and Other Consultants	65,000	65,000	37,492	27,508
Materials and Supplies	65,000	65,000	41,510	23,490
Printing and Advertising	83,000	22,118	13,727	8,391
Other General Administration	369,000	369,515	362,517	6,998
Telecommunications	141,000	141,077	46,963	94,114
Other Expenditures	304,189	304,112	151,334	152,778
Tax Collection Fees	242,343	242,343	219,939	22,404
Comm. Redevelopment Fees	729,183	442,637	442,636	1
<b>Total General Administration</b>	<b>3,448,818</b>	<b>3,030,037</b>	<b>2,599,145</b>	<b>430,892</b>

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
Capital Outlay:				
Computer Hardware/Software	351,482	348,524	139,184	209,340
Furniture/ Equipment	32,734	35,692	22,607	13,085
Remodeling/Renovations	5,000	5,000	165	4,835
Total Capital Outlay	<u>389,216</u>	<u>389,216</u>	<u>161,956</u>	<u>227,260</u>
<b>Total Expenditures</b>	<u>53,426,552</u>	<u>56,427,202</u>	<u>46,655,110</u>	<u>9,772,092</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ (6,785,704)</u>	<u>\$ (9,785,704)</u>	835,742	<u>\$ 10,621,446</u>
<b>Beginning Fund Balance</b>			<u>19,309,186</u>	
<b>Ending Fund Balance</b>			<u>\$ 20,144,928</u>	

NOTE: GAAP serves as the budgetary basis.





**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget to Actual**  
**For The Year Ended September 30, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
Federal Through State	\$ 666,666	\$ 666,666	\$ 637,063	(29,603)
Total Revenue	666,666	666,666	637,063	(29,603)
<b>Expenditures:</b>				
<b>Contracted Programs:</b>				
Contract/Direct Services	330,000	390,000	379,698	10,302
<b>Contract Administration:</b>				
Employee Salaries & Benefits	129,282	129,282	127,842	1,440
Other Consultants	173,300	110,800	101,911	8,889
Material and Supplies	5,666	5,666	2,742	2,924
Printing and Advertising	4,000	4,000	3,064	936
Telecommunications	3,418	3,081	648	2,433
Other Expenditures	20,000	20,337	17,928	2,409
Total Program Services	335,666	273,166	254,135	19,031
Capital Outlay:				
Computer Hardware/Software	1,000	1,420	1,420	-
Furniture/ Equipment	-	2,080	1,810	270
Total Capital Outlay	1,000	3,500	3,230	270
<b>Total Expenditures</b>	666,666	666,666	637,063	29,603
<b>Excess of Revenues over Expenditures</b>	\$ -	\$ -	-	\$ -
<b>Beginning Fund Balance</b>			-	
<b>Ending Fund Balance</b>			\$ -	

NOTE: GAAP serves as the budgetary basis.



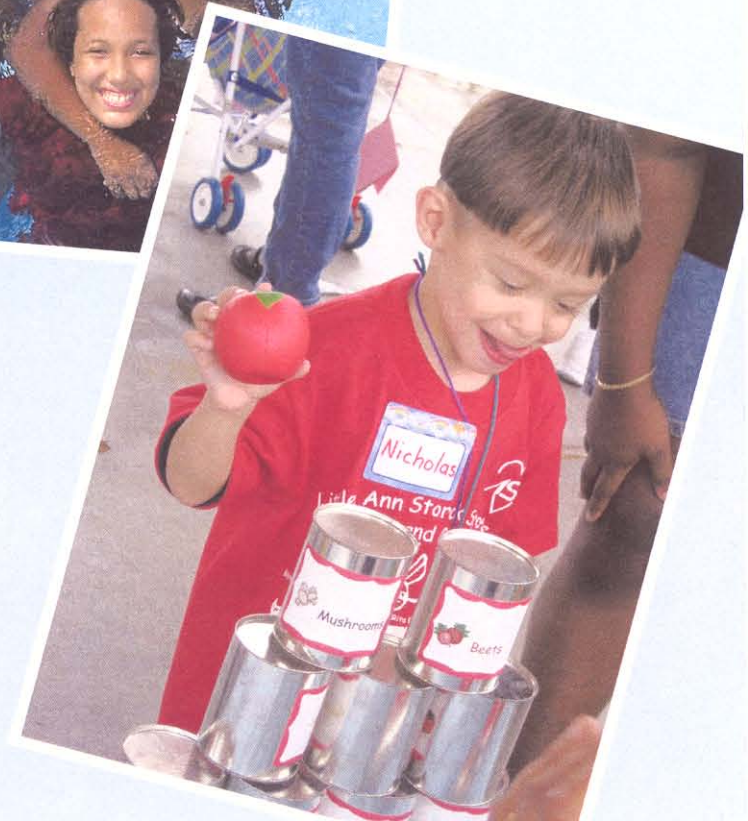
CHILDREN'S

SERVICES

COUNCIL

*of Broward County*

# Statistical Section





**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**General Fund Revenues by Source**  
**Last Four Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Ad Valorem Taxes</b>	<b>Interest on Investments</b>	<b>Federal through State</b>	<b>Misc Local</b>	<b>In-Kind Local Match</b>	<b>Total Revenue</b>
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
2005	46,299,021	1,145,141	28,172	18,518	-	47,490,852

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 Four Fiscal Years**

<b>Fiscal Year Ended September 30</b>	<b>Contracted Programs</b>	<b>Contract Administration</b>	<b>General Administration</b>	<b>Capital Outlay</b>	<b>Total Expenditures</b>
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
2005	42,424,887	1,469,122	2,599,145	161,956	46,655,110

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 Four Fiscal Years**

<b>Fiscal Year Ended September 30</b>	<b>Fund Balance</b>
2002	\$ 14,587,356
2003	17,872,567
2004	19,309,186
2005	20,144,928

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**  
**Property Tax Levies and Collections -**  
**For the General Fund**  
**Last Four Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Net Taxable Assessed Valuation (In Thousands)</b>	<b>Base Millage</b>	<b>Property Taxes Levied</b>	<b>Discounts For Early Payment</b>	<b>Total Tax Collections</b>	<b>% of Total Tax Collected to Property Taxes Levied</b>
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%
2005	113,021,607	0.4231	48,808,266	1,668,477	46,299,021	94.86%

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 Four Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Real Property</b>				
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Other (1)</b>	<b>Total</b>
2002	\$ 56,252,270	\$ 13,719,695	\$ 4,609,508	\$ 1,364,172	\$ 75,945,645
2003	63,210,560	15,347,855	5,186,703	1,471,615	85,216,733
2004	72,509,876	16,836,874	5,574,637	1,580,566	96,501,953
2005	82,397,890	17,999,283	6,300,793	1,655,152	108,353,118

(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

<b>Fiscal Year Ended Sept 30</b>	<b>Assessed Value</b>		<b>Exemptions</b>		<b>Net Assessed Value</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Real Property</b>	<b>Personal Property</b>	
2002	\$ 75,945,645	\$ 7,765,378	\$ 22,522,462	\$ 108,813	\$ 61,079,748
2003	85,216,733	8,030,740	28,789,301	123,306	64,334,866
2004	96,501,953	7,802,109	36,898,837	96,583	67,308,642
2005	108,353,118	7,736,460	44,929,699	107,407	71,052,472

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 Four Fiscal Years**

<b>Fiscal Year Ended September 30</b>	<b>Children's Services Council</b>	<b>County</b>	<b>Schools</b>	<b>S Florida Water Management District</b>	<b>Total</b>
<b>Tax Rates (Per \$1,000 of Assessed Value):</b>					
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
2005	0.4231	7.0230	8.2695	0.6970	16.4126

<b>Fiscal Year Ended September 30</b>	<b>Children's Services Council</b>	<b>County (1)</b>	<b>Schools</b>	<b>S Florida Water Management District</b>	<b>TOTAL</b>
<b>Tax Levies (in thousands):</b>					
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
2005	48,808	800,804	948,209	79,920	1,877,741

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

**Computation of Direct and Overlapping Debt (In Thousands)**

<b>Jurisdiction</b>	<b>Net Debt Outstanding</b>	<b>Percentage Applicable</b>	<b>Amount Applicable to Entity</b>
Broward County (1)	\$ 607,816	100%	\$ 607,816
Broward County School Board (2)	79,088	100%	79,088
<b>Total</b>			<b>\$ 686,904</b>

Sources:

- (1) Broward County
- (2) The School Board of Broward County (As of June 30, 2005)

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

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Principal Taxpayers (In Thousands)**  
**September 30, 2005**

<u><b>Taxpayer</b></u>	<u><b>Type of Business</b></u>	<u><b>Taxes Levied</b></u>	<u><b>Percent to Aggregate Taxes Levied</b></u>
Florida Power & Light Company	Public Utility	\$ 30,732	1.04%
Diplomat Properties	Development	6,959	0.23%
Northwestern Mutual Life	Insurance	3,195	0.11%
Publix Super Markets Inc	Grocery Stores	3,176	0.11%
Palm Vacation Group	Development	3,073	0.10%
Cocowalk Dev Inc	Development	2,890	0.10%
Fifth Avenue Partners LTD	Development	2,410	0.08%
Marriott Ownership Resorts Inc	Development	2,402	0.08%
HC Miramar Properties LLC	Development	2,344	0.08%
Pembroke Lakes Mall LTD	Development	2,304	0.08%
 Total principal taxpayers		<u><u>\$ 59,485</u></u>	<u><u>2.01%</u></u>

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 Four Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Population (4)</b>	<b>Labor Force (1)</b>	<b>Annual Unemployment Rate (1)</b>	<b>School Enrollment (2)</b>	<b>Resident Births (3)</b>
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
2005	1,740,987	963,022	3.50%	251,863	23,292

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

<b>Year</b>	<b>Age 5 and Under</b>	<b>Age 6 through 12</b>	<b>Age 13 through 17</b>	<b>Total</b>
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%
2005	Not Available. Survey conducted every two years.			

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

Sources:

- (1) Bureau of Labor Statistics (September 2005)
- (2) School Board of Broward County
- (3) Florida Department of Health, Office of Vital Statistics (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
- (5) South Florida Regional Planning Council

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

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Number of Personnel**  
**Last Four Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Full Time Personnel</b>	<b>Part- Time/Hourly Personnel</b>	<b>Total Personnel</b>
2002	22	0	22
2003	25	0	25
2004	38	0	38
2005	44	1	45

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 Four Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Commercial Construction Value (1)</b>	<b>Residential Construction Value (1)</b>	<b>Bank Deposits (2)</b>
2002	\$ -	\$ 1,156,939	\$ 25,629,000
2003	-	865,500	27,637,000
2004	-	820,009	30,490,000
2005	-	614,577	33,408,000

Sources:

- (1) Broward County Office of Planning (January through September)
- (2) Federal Deposit Insurance Corporation (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)**

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<b>Commercial</b>	<b>Residential</b>	<b>Nontaxable</b>
\$ 19,693,375	\$ 56,252,270	\$ 22,522,462
22,006,173	63,210,560	28,789,301
23,992,077	72,509,876	36,898,837
25,955,228	82,397,890	44,929,699

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Insurance in Force**  
**As of September 30, 2005**

<b>Policy/ Number</b>	<b>Insurance Company</b>	<b>Coverage</b>	<b>Policy Period</b>	<b>Deductible or Self- Insured Retention</b>
2CG8625	Essex Insurance Company	Commercial Property Policy Business Personal Property Windstorm or Hail	Sept 12, 2005-2006	\$ 1,000 21,000
2CG8625	Essex Insurance Company	Commercial Inland Marine Electronic Data Processing Equipment Windstorm or Hail Media Media while in transit Extra Expense	Sept 12, 2005-2006	\$ 1,000 21,000
2CG8625	Essex Insurance Company	General Liability Policy General Aggregate Personal & Advertising Injury Each Occurrence Damage to Rented Premises Medical Expense	Sept 12, 2005-2006	\$ 1,000
64LB104388468	Travelers Casualty & Surety Company of America	Directors & Officers Liability	Oct 31, 2004-2005	2,500
FID900751601	Zurich American Ins. Co.	Commercial Crime	Dec 20, 2004-2005	5,000
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, 2005 - 2006	

<b>Policy Limits</b>	<b>Estimated Annual Premium</b>
\$ 420,000	\$ 3,990
	\$ 4,410
\$ 300,000	
105,000	
5,000	
10,000	
	\$ 6,062
\$ 2,000,000	
1,000,000	
1,000,000	
50,000	
5,000	
1,000,000	3,750
100,000	1,700
	14,555
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	1,740,987
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	963,022
Number of Cities and Towns	31

**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	137
Middle	41
High	28
Adult/Vocational	6
Centers	10
Charter Schools	29
Total	<u>251</u>

**CHILDREN'S 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	658
Child Care Homes	261
Registered	98
(Excluding public Schools)	

**Accredited Centers/Schools (Gold Seal)**

Centers (July - Sept 2005)	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](http://www.labormarketinfo.com)  
Rand Florida website <http://fl.rand.org>  
School Board of Broward County  
The Florida Department of Children and Families



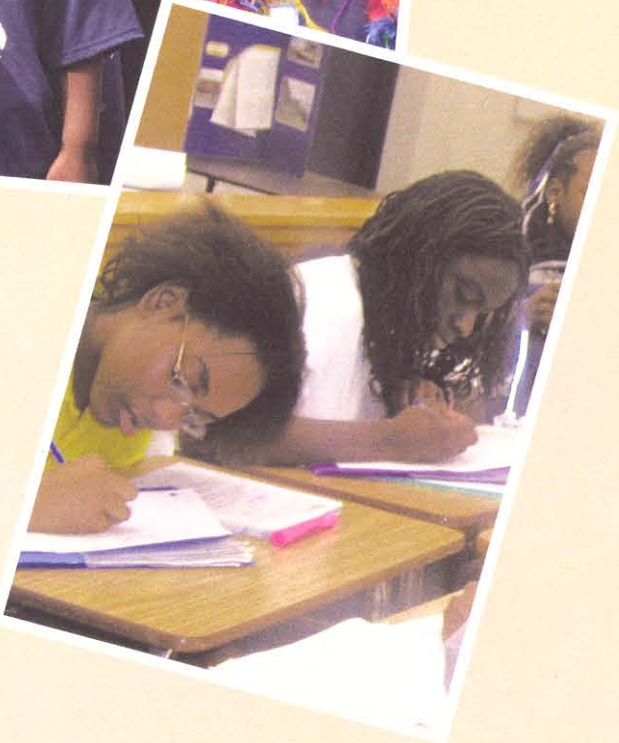
CHILDREN'S

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*of Broward County*

# Internal Control & Compliance









# NOWLEN, HOLT & MINER, P.A.

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

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

We have audited the financial statements of the governmental activities and each major fund of the Children's Services Council of Broward County as of and for the year ended September 30, 2005, which collectively comprise the Children's Services Council of Broward County's basic financial statements and have issued our report thereon dated January 27, 2006. 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 opinions on the financial statements and not to provide an opinion 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 caused by error or fraud 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.

## 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 or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted a matter that we have reported to the Children's Services Council of Broward County's management in the Management Letter dated January 27, 2006.

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.

*Rowlen, Halt & Munn, P.A.*

January 27, 2006





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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 program for the year ended September 30, 2005. The Children's Services Council of Broward County's major federal program is 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 its major federal program 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 its major federal program for the year ended September 30, 2005.

#### 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 caused by error or fraud 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 a matter that we have reported to the Children's Services Council of Broward County's management in the Management Letter dated January 27, 2006.

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.

*Nowlan, Holt & Minter, P.A.*

January 27, 2006



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2005**

<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 County Commissioners			
CMHS Child Mental Health Service Initiative	93.104	03-CSAD-8381	\$ 637,063
Passed Through Florida Department of			
Children and Families			
Title IV E Grant	93.658	*	<u>28,172</u>
			<u>\$ 665,235</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.

\* = No contract or grant agreement number was assigned by the grantor.



**Children's Services Council of Broward County  
 Schedule of Findings and Questioned Costs  
 September 30, 2005**

**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>
93.104	U.S. Department of Health & Human Services • 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? \_\_\_\_\_X\_\_\_\_\_yes \_\_\_\_\_no

**Children's Services Council of Broward County  
Schedule of Findings and Questioned Costs  
September 30, 2005**

**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, 2005**

No matters were reported in the prior year.



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*of Broward County*



# RESULTS MATTER...

...MAKING A DIFFERENCE  
FOR BROWARD'S CHILDREN

