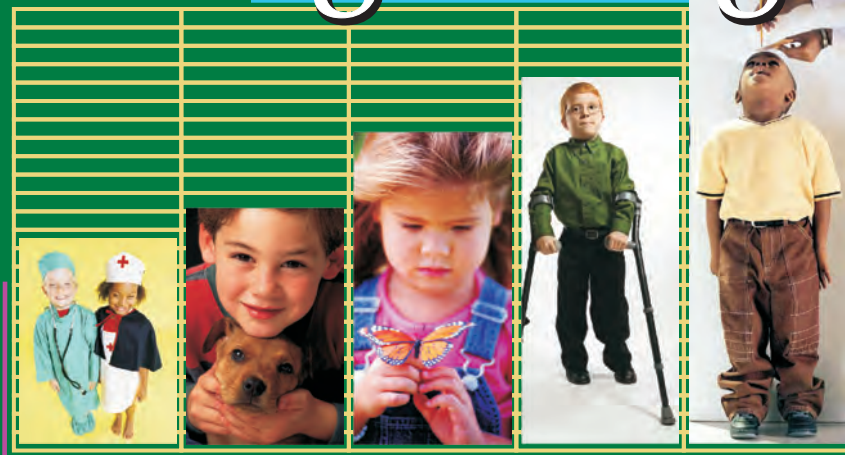




# Comprehensive Annual Financial Report

## Year 5 *and growing.*



*“Celebrating Five Years of Investment  
in our Children's Future.”*



**CHILDREN'S  
SERVICES  
COUNCIL**  
*of Broward County*

6301 NW 5th Way, Suite 3000 / Fort Lauderdale, FL 33309



# Council Members



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



**Honorable  
Julie Koenig**  
*Vice Chair  
Governor Appointee*



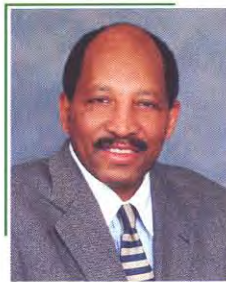
**Anna M. Valladares**  
*Secretary*



**Jack L. Moss**  
*District Administrator  
Department of  
Children & Families*



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



**Gregory Durden  
Esquire**  
*Governor Appointee*



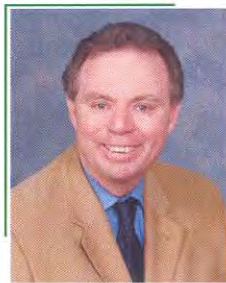
**Honorable  
Suzanne N. Gunzburger**  
*County Commission  
Member*



**Marti Huizenga**  
*Governor Appointee*



**Laurie J. Sallarulo**  
*Governor Appointee*



**Dr. Frank Till**  
*School Superintendent*



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

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**for the**

**Fiscal Year Ended September 30, 2006**



**Issued By:**

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

**Prepared By:**

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



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Comprehensive Annual Financial Report**  
**For The Year Ended September 30, 2006**

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**CHILDREN'S  
SERVICES  
COUNCIL**  
*of Broward County*

**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  
Governor Appointee*

*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*

February 6, 2007

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 good 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, 2006. 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, 2006 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, 2006, 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 July 2004 amendment included, among other things, the addition of the District Health Administrator as one of the positions held by virtue of their position.

The eleven Member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and six (6) members appointed by virtue of the office or position they hold within the community. The governor reappointed all of the gubernatorial appointees in November 2002 for four year terms. 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 is marking the end of its fifth year of operations as a time to celebrate our investment in our community's children by assessing the results and trends of the various programs and the "return on investment" from a community-wide perspective. Over these past five years, the Council has been able to make real strides in several target areas of need. Some examples of programs with strong community returns of investment include: family strengthening programs where 94% of high risk parents who complete the program have demonstrated healthier, less abusive parental attitudes and behaviors; juvenile diversion programs which have served over 5,400 youth with 93% of completers committing no other law violations nine months after leaving the program; and Summer and After-School programs that resulted in academic gains in reading and math skills while keeping the children safe and engaged.

As the Council matures and becomes a staple within the community, it will continue to be 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 over the past five years to address a multiplicity of issues including reducing abuse and neglect, improving access to health insurance for economically disadvantaged children, improving the quality and quantity of after school programs, establishing systems of care for children with mental or behavioral issues and children with special needs, and more recently, updating the county-wide children's strategic plan. Moreover, the Council continues to lead the community in tackling system changes to break down funding barriers while maintaining high standards of accountability and building the capacity of agencies to deliver services.

Furthermore, CSC has made quite a fiscal impact in the children's services provider community in these past five years. Expenditures for various children's services within the community have increased substantially in the past five years beginning with \$7.7 million, \$25.6 million, \$33.9 million, \$42.5 million and \$47.6 million in fiscal years 2002, 2003, 2004, 2005 and 2006 respectively. This trend will continue as CSC has budgeted \$61.6 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 over 3,000 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, 2006 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 (29.8% 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.

Broward County was not as fortunate as in past years and early in the fiscal year suffered a direct impact from Hurricane Wilma on October 24, 2005. While not nearly as devastating as Hurricane Katrina was to the Gulf Coast, widespread electrical outages and major structural damage to many local businesses, homes and non-profit organizations caused many of the Council's funded programs to underutilize their contracts. The local economy was able to rebound once power was restored and businesses and homes began the process of making necessary repairs. However, the storms' long-term economic impact has yet to be fully determined and the needs of the County's most affected residents are still being assessed.

The County's tourism rate continues to reflect strong and vibrant presence of visitors to our community as confirmed by a record breaking 10 million visitors, a 6.3% increase, during the year. Hotel occupancy increased 1 percent in fiscal year 2005 even as the average daily rate increased 9% from the prior year. Additionally, the local airport, while undergoing a major expansion construction project, continues to manage a substantial increase in the number of passengers. As of 2005, the Ft. Lauderdale-Hollywood International Airport was ranked 23<sup>rd</sup> busiest in the United

Sates and 50<sup>th</sup> busiest in the world. This increase also flows over to Port Everglades, where cruise travel infuses more than \$2.4 billion annually and provides more than 25,000 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, the prices of homes are stable or decreasing only slightly. 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. However at the State level, there is concern about continued double digit property value increases and the affect on the property owner. Within the next year, several legislative proposals will be introduced to address these concerns. Resulting legislation could impact the Council's future revenue levels.

In conclusion, economic forecasts for the near-term in Broward County continue strong pertaining to taxable sales, increasing tourism and convention activity and low unemployment. To illustrate, the unemployment claims in Broward County went down in fiscal year 2005 setting a record low.

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 fifth year and is looking forward to building upon those successes to promote further gains for Broward's children and families. Some significant fifth year grammatic initiatives include:

- ◆ \$6 million of Council funding leveraged approximately \$1,562,861 in additional federal/state dollars to provide child care for 700 children each month. The total funding provided over 1,800 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 9,000 children attended the Summer program which incorporated reading, mathematics, physical fitness and nutrition education components as part of the curriculum, as well as cultural arts experiences. Outcome data and satisfaction surveys indicate that the children enjoyed these programs and made notable gains in the targeted areas.



- ◆ Funded a Summer Youth Employment initiative where over 550 teens were given an opportunity to build job skills. Feedback from both the participating youth and employers was overwhelmingly positive.
- ◆ Piloted the S.T.E.P.S. program (“Supported Training Employment Program”) to provide youth with special needs the opportunity to work. The successful program employed 40 special needs youth to work 30 hours per week under the direct supervision of a trained on-site job coach. This program was exceptionally well received and will be expanded in the coming years.
- ◆ The Council continued its progress for creating a seamless system of care for the special needs community. Based on the business plan commissioned by the Council last year, the Special Needs Advisory Committee (“SNAC”) made great progress in prioritizing the identified needs and develop programs to systematically address the requirements for this community. The SNAC was successful establishing a special needs hotline to assist families in finding existing services; the STEPS program referenced above; and additional trainings and workshops for providers. Additionally, a request for proposal for specialized services will be issued in early fiscal year 2007 for programs beginning mid-year.
- ◆ For the fourth year, the Council partnered with the Internal Revenue Service and local human service providers to aggressively promote the Earned Income Tax Credit (“EITC”) program for working families. Since inception of the campaign, an additional \$60+ million went directly into the pockets of Broward County citizens. For fiscal year 2006 the Council spent \$147,000 to promote EITC, and while final county-wide IRS figures for tax year 2005 are not yet available, we do know that at least \$6.2 million was generated from tax returns prepared at CSC designated Volunteer Income Tax Assistance (“VITA”) sites, an increase of 5.1 percent from the prior year.
- ◆ Worked collaboratively at the state and national level to advocate on behalf of youth aging out of the foster care system. The Council was instrumental in the effort to restore an extended foster care option for post-18 year olds, with juvenile court jurisdiction through age 19.
- ◆ Increased the contribution by \$50,000 for a total of \$150,000 to 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 \$657,000 to more than 100,000 low income children for back-to-school clothing, backpacks, and supplies.
- ◆ Facilitated a community-wide literacy project by working with local partners to fund a community-wide needs assessment and action plan which will lay the ground work for future initiatives to promote improvement to the Early Care and Education System throughout the County.
- ◆ The Council leads an Agency Capacity Building Committee of key community funders and service providers in an open dialog on concerns and issues related to funding and building capacity for emerging, niche, and community-based organizations serving children and their families.

The Council's budget for fiscal year 2006-2007, its sixth fiscal year, is \$68.6 million, an increase of 12.5 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 four competitive RFP's planned for next year. In addition to the new Special Needs initiative mentioned above, other proposed RFP's include the continuation and expansion of programs for youth aging out of foster care, family strengthening, as well

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. CSC is working with state and local agencies on data sharing to enable compilation and analysis of performance outcome data. This comprehensive approach enables the Council to evaluate programs and services to ensure effective utilization of Council funding.

Since its inception five years ago, the Council adopted the Sterling management philosophy and has excelled in creating a dynamic and effective infrastructure. In keeping with that Best Practices Business Model, management is in the final stages of implementing the Balanced Scorecard approach to aligning business practices,

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

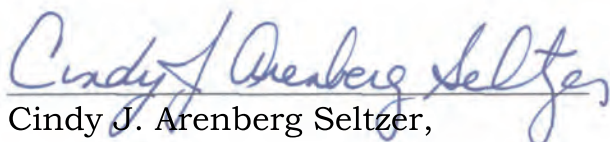
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Children's Services Council of Broward for its comprehensive annual financial report for the fiscal year ended September 30, 2005. This was the fourth 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

### ***Acknowledgments***

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

Respectfully Submitted,

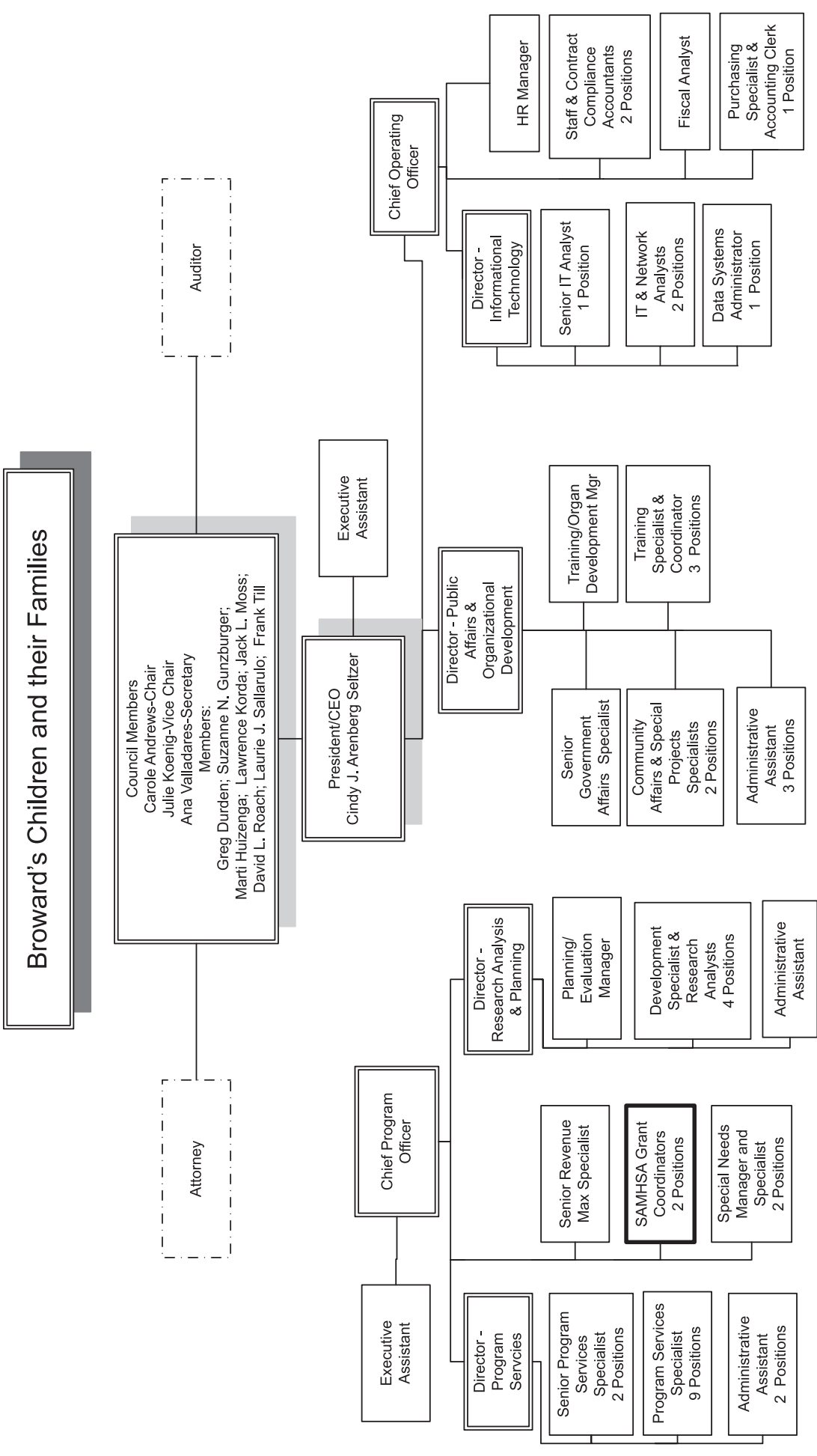
  
Cindy J. Arenberg Seltzer,  
President / CEO

  
Monti Larsen,  
Chief Operating Officer

# Children's Services Council of Broward County

## Organizational Chart and List of Principal Officials

Fiscal Year 2005-2006



**Broward's Children and their Families**

Council Members  
Carole Andrews-Chair  
Julie Koenig-Vice Chair  
Ana Valladares-Secretary  
Members:  
Greg Durden; Suzanne N. Gunzburger;  
Marti Huizenga; Lawrence Korda; Jack L. Moss;  
David L. Roach; Laurie J. Sallarulo; Frank Till



# 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, 2005

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.



A handwritten signature in black ink, appearing to read "Thomas J. Flannery".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

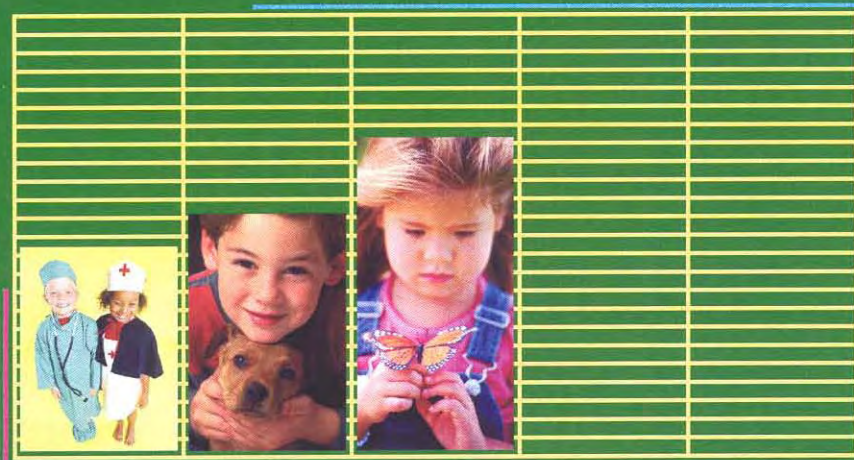
Executive Director







# Financial Section



*"Celebrating Five Years of Investment  
in our Children's Future."*



**CHILDREN'S  
SERVICES  
COUNCIL**  
*of Broward County*







# NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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EDWARD T. HOLT, CPA  
WILLIAM B. MINER, CPA  
ROBERT W. HENDRIX, JR., CPA  
JANET R. BARICEVICH, CPA  
MARK B. ELHILOW, PFS, CPA

KATHLEEN A. MINER, CPA  
R. GREGORY SMITH, CPA  
ROBERT W. HELMREICH, CPA  
TERRY L. MORTON, JR., CPA  
N. RONALD BENNETT, CPA  
J. MICHAEL STEVENS, CPA  
DANIEL A. KIRCHMAN, CPA  
MARILYN B. RASH, CPA  
ALEXIA G. VARGA, CPA  
JAMES W. JOHNSON, CPA  
BRIAN J. BRESCIA, PFS, CPA  
DONALD D. RINZEL, CPA

## INDEPENDENT AUDITOR'S REPORT

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333 S. E. 2nd STREET  
POST OFFICE BOX 338  
BELLE GLADE, FLORIDA 33430-0338  
TELEPHONE (561) 996-5612  
FAX (561) 996-6248

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, 2006, 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, 2006, 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 February 6, 2007, 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 17 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.

*Rawley, Halt & Miner, P.A.*

February 6, 2007

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

## **Management's Discussion and Analysis September 30, 2006**

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, 2006. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 19.

### **FINANCIAL HIGHLIGHTS**

Fiscal year ending September 30, 2006 concludes the fifth full year of operations and the "return on investment", the gains made from a community-wide perspective, further demonstrate the accomplishments, mission and related goals/objectives of the Council. While net assets increased from the prior year, it is expected that this cumulative amount will be expended in subsequent years as the capacity and maturation of the provider network is able to better meet 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 remained the same as the prior year at .4231 mills, which provided the basis for a \$54.3 million budget. The increase in property values allowed for the continuation and expansion of services to children and families.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$23.1 million (net assets). Of this amount, \$23 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 services in the fifth year of operations increased 13.2% from \$44.6 million last fiscal year to \$50.5 million this fiscal year. This anticipated increase stemmed primarily from expansion of services including youth development programs for adolescents, out-of-school programs, kinship care and literacy, as well as new initiatives targeting youth with special physical and developmental needs. Examples of the Council's response to the community's need for new and expanded services include the following:
  - After-school programs continued to expand, increasing an additional 21.2%, over and above the 24.5% increase from the prior year. Budget for these programs grew from \$7.8 to \$9.7 to \$11.8 million in fiscal years 2004, 2005 and 2006, respectively.

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

## **Management's Discussion and Analysis September 30, 2006**

Services were provided in over 100 locations throughout the County, serving over 13,000 children this past year. Two-thirds of those children demonstrated academic improvements in the areas of reading and math.

- Summer programs also grew, expending over \$10.6 million this fiscal year, an increase of 14.6% over the prior year. Over 9,000 youth participated in the activities in more than 100 locations countywide. Summer programs included an innovative youth employment component providing over 550 economically disadvantaged teens the opportunity to gain knowledge of the work environment and skills to succeed. Additionally, a pilot program successfully engaged 40 youth with special needs the same opportunity to work at various governmental and not-for-profit agencies supported by on-site "job coaches". For many of these special needs youth, it was the first time they had experienced the "workplace world".
- Facilitated a community-wide literacy project by working with local partners to fund a comprehensive needs assessment which will lay the ground work for future initiatives throughout the County. Increased expenditures in this goal by 164% for a total of \$420,000, up from \$159,000 the prior year. This included a Summer bookmobile project which distributed over 1,000 books to needy children at 17 sites throughout the County.
- "Healthy Choices" youth development programs are designed to reduce risky behavior and keep teens safe, engaged and productive while increasing positive decision-making skills. Programs within this goal expanded 122% to over \$1.3 million, up from \$597,000 the prior year, and served over 600 at risk youth. The County's teen birth rate of less than 1% continues to be the lowest among the state's urban counties.
- Initiated new programs totaling over \$360,000 including: SAFE- a program for court involved families requiring supervised visitation services; hurricane relief to help provide emergency services for needy families in the aftermath of Hurricane Wilma; and Kinship programs to provide advocacy and support for

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

## **Management's Discussion and Analysis September 30, 2006**

families providing relative care for children with dysfunctional home environments. With the exception of the hurricane relief expenditures, these new programs began midyear and will expand in the coming years.

- Increased services for youth aging out of the foster care system and transitioning into adulthood by 17.65% to \$524,000 from \$445,000. The "return on investment" in this area has been quite successful as demonstrated by the outcomes: 95% of the 140 youth served stayed in school and either graduated or obtained their GED, 95% postponed parenthood and 97% demonstrated increased self esteem. The successful outcomes of youth attending these programs is even more astounding when juxtaposed with the national statistics youth in this population, which only 50% reach graduation and the rate of teen pregnancy by age 18 is almost 50%.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 19 and 21) provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. Fund financial statements begin on page 22. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds. The notes to the financial statements (on pages 27 – 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 ("GAAP"). This report also contains other supplementary information in addition to the basic financial statements starting on page 40.

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

## **Management's Discussion and Analysis September 30, 2006**

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

#### ***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Furthermore, for financial reporting purposes, the Council is considered a special-purpose government engaged in a single governmental program. As such, the Statement of Activities is presented utilizing the alternative format presenting a single column that reports expenses first followed by revenues.

The *Statement of Net Assets* presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

It is anticipated that net assets will decrease over the next few years as capacity within the provider community is expanded and providers are able to fully utilize their contracted dollars for the needed programs and services. This expected decrease of net assets in the next few years is

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

## **Management's Discussion and Analysis September 30, 2006**

not an indication of deteriorating financial health of the organization. Rather, it is merely expending the accumulation from the initial operations 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.

*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

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

## **Management's Discussion and Analysis September 30, 2006**

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.

### **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 fifth year of generating tax revenue, assets exceeded liabilities by \$23 million at the close of the fiscal year.

As programs are able to fully utilize their contracts and the more recent initiatives reach full operational capacity, the sizeable amount of net assets is expected to decrease in subsequent years. Thus, a reduction of net assets in subsequent years is planned and would not be an indication of the Council's deteriorating financial condition.



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

## **Management's Discussion and Analysis September 30, 2006**

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

	<b>FY 2006</b>	<b>FY 2005</b>
Current and Other Assets	\$ 27,722,870	\$ 26,713,532
Capital Assets	339,718	297,277
Total Assets	28,062,588	27,010,809
Current and Other Liabilities	4,632,195	6,594,584
Long-Term Liabilities	291,117	254,807
Total Liabilities	4,923,312	6,849,391
Net Assets:		
Invested in Capital Assets	339,718	297,277
Unrestricted	22,799,558	19,864,141
Total Net Assets	\$ 23,139,276	\$ 20,161,418

- ◆ The change in net assets from last fiscal year to this fiscal year was an increase of \$3 million. This increase is due, in part, to providers unable to make up lost units of service during the aftermath of Hurricane Wilma. The unrestricted net assets are committed to on-going contracts in the upcoming fiscal year.
- ◆ Net capital assets increased \$42,441 from the prior year. Further analysis of the new capital purchases highlights that 43% or \$76,249 are for programmatic related capital items used at direct service provider locations. The remaining \$101,889 or 57% provided for administrative upgrades to the financial system and main website. Additionally, the Council implemented an electronic data storage system. Depreciation expense totaled \$135,697 and finally, there was \$8,495 fully depreciated provider related capital assets that were transferred to the appropriate programs.
- ◆ The current and other liabilities category is comprised primarily of accounts payable, which decreased \$1.9 million due to 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 \$41,766 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.

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

## **Management's Discussion and Analysis September 30, 2006**

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 2006</b>	<b>FY 2005</b>
Revenues:		
Property Taxes	\$ 53,589,647	\$ 46,299,021
Investment Earnings	2,119,135	1,145,141
Other	698,363	683,753
Total Revenues	<u>56,407,145</u>	<u>48,127,915</u>
Expenses:		
Contracted Programs	50,494,091	44,607,877
General Administration	2,089,223	2,142,081
Community Redevelopment and Tax Collector Fees	845,973	642,575
Total Expenses	<u>53,429,287</u>	<u>47,392,533</u>
Increase in Net Assets	2,977,858	735,382
Net Assets - Beginning of Year	<u>20,161,418</u>	<u>19,426,036</u>
Net Assets - End of Year	<u>\$ 23,139,276</u>	<u>\$ 20,161,418</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2006, property taxes totaled \$53.6 million. While the Council is authorized to levy up to .5 mills, for fiscal year 2005-2006 the property tax levy was the same rate as the prior year at .4231 mills. While the rate remained the same, the increase in property values netted the Council an additional \$7.3 million in property taxes to expand services to meet the identified needs for Broward County's children and their families.
- ◆ **Investment earnings** totaled \$2.1 million in fiscal year 2006, which is a significant increase from the prior year due to an increase in cash balance. 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 equals \$698,363 and includes grant revenue, training registration and miscellaneous revenue. The SAMHSA grant represents 72.5% or \$505,871 of other revenue. The remaining amount categorized as other revenue consists of \$122,321 reimbursement from the Federal Title IV-E Foster Care Program through an agreement with

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

## **Management's Discussion and Analysis September 30, 2006**

Florida Department of Children and Families; \$40,000 came from contributions received toward working in collaboration with other funding agencies to explore literacy needs throughout the County; and \$30,171 miscellaneous revenues primarily generated through various training registration fees.

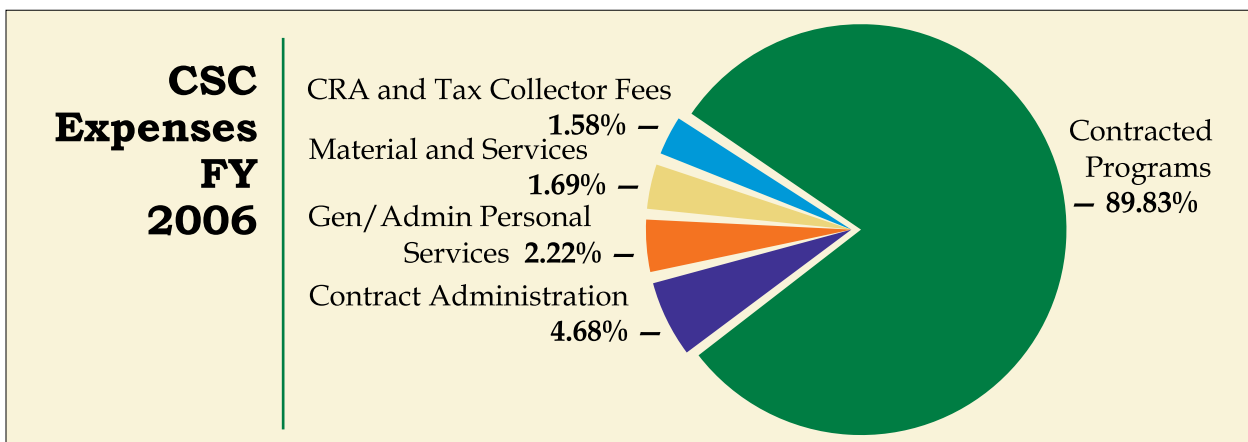
- ◆ **Expenses for Contracted Programs** and related administration totaled \$50.5 million in fiscal year 2006, a 13.2% increase or \$5.9 million from fiscal year 2005. This increase represents the Council's fifth full year of operations and continued growth in programs and services for children and their families throughout the County. While the number of provider contracts increased only slightly from the previous year, many of the programs expanded the number of children and families served. This expansion of programs, as well as managing the new initiatives, created the need to add four new positions: two positions are researching and managing how best to fill the gaps for families with children with special needs, a research analyst position to evaluate the outcomes and results of the various programs, and finally, an executive assistant to help manage the increased workload. As the graph on the following page illustrates, 94.51% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 89.83% are directly contracted to local service providers.
- ◆ **Expenses for General Administration** totaled \$2.1 million in fiscal year 2006, a negligible decrease of \$52,858 from fiscal year 2005. Moreover, general administrative costs only represent 3.91% of the overall expenses, which demonstrates the Council's fiscal prudence, a very resourceful staff and comprehensive data collection systems. The Council's focus continues to be expanding programs and services throughout the community with minimal administration costs. The Community Redevelopment and Tax Collector fees, discussed in the following paragraph, make up the remaining 1.58% of the administrative expense.
- ◆ **Community Redevelopment and Tax Collector fees** for fiscal year 2006 increased significantly by 31.7% or \$203,398 for a total of \$845,973. The Tax Collector fees are based on the operating budget of the Property Appraisers Office and are allocated among the taxing districts. The Community Redevelopment Agency (CRA) tax increment fees are tied to the increased incremental property tax values in specific areas, as well as the Council's established millage rate. This year's significant increase is due to increased property values within the CRA districts, as well as the

# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

## Management's Discussion and Analysis September 30, 2006

Completion of an audit in which additional buildings and parcels were added to the tax rolls within the CRA districts. Conversely, in those districts wherein the Council and the CRA have formed a partnership, over \$1 million or a 37.3% increase in programs and services were provided in lieu of fees. This is the result of successful collaborations between the Council and many of the CRA Districts to use these fees in the form of programs and services for children in these targeted communities. Additionally, the Council is continuing negotiations with the few remaining CRA's in an ongoing effort to dedicate this funding for children's services in those respective areas.

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2006.



Our analysis below separately considers the operations of governmental activities.

### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its fifth year of operations, the governmental funds (as presented in the balance sheet on page 22) reported a total fund balance of \$23 million. Included in the fund balance is \$126,932 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.

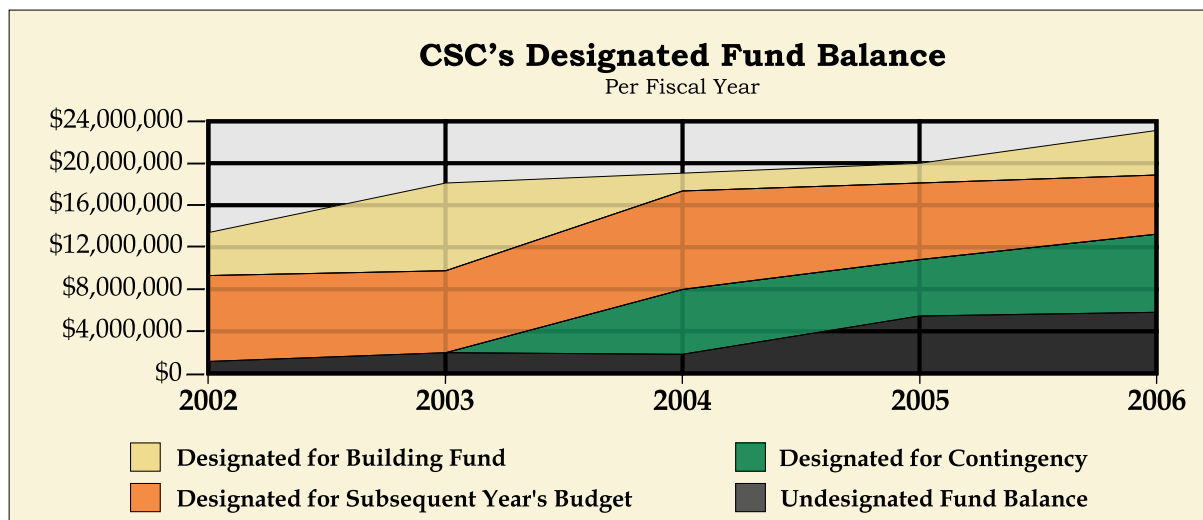
- ◆ **Designated fund balance** amounts are not the same as reservations of fund balance as they represent planned actions, not an actual commitment.

# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

## Management's Discussion and Analysis September 30, 2006

Accordingly, \$5.8 million is designated for the subsequent year's budget; thereby, effectively reducing the necessary millage rate for fiscal year 2006-2007. An additional designation of fund balance includes \$5.3 million for Contingency that the Council Members may appropriate as deemed necessary. The Council has also designated \$8 million towards the purchase of a building within the next few years. This leaves a remaining undesignated fund balance of \$3.9 million.

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



- ◆ **Budget amendments** are prepared over the course of the year allocating appropriations from one line item to another to prevent budget overruns. Actual charges (expenditures) to appropriations (budget) were \$9.2 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$8.2 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 related to building programs and services. To illustrate:
  - 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. This was primarily due to the direct impact of Hurricane Wilma at the beginning of the fiscal year. Schools were closed for several weeks

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

## **Management's Discussion and Analysis September 30, 2006**

and many of those days were never made up during the year; thereby affecting utilization in the after school programs. Also related to Hurricane Wilma was the loss of in-home services to families dislocated by the storm and extensive provider facility damage. In home services are higher cost and providers were unable to make up the lost utilization.

- The Council released three separate Requests for Proposals ("RFP") throughout the fiscal year; all 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.
- The preliminary budget included funding for two new major initiatives: 1) helping to address the service gaps for families with children of special needs and 2) identifying opportunities to lay the foundation for literacy initiatives throughout the County. During the course of researching and writing the RFP's, it was determined that each target area required additional data gathering and county-wide collaboration to ensure a comprehensive solution. Thus, the RFP's will be issued in the fiscal year 2006-07.
- For most contracts, the Council requires that service provider's invoice be based on "units of service", not reimbursement of expenses. Consequently, if a provider does not provide all of the services that were anticipated, the contract is under-utilized. This method of invoicing allows the Council to only pay for services actually provided. Finally, the Council monitors utilization throughout the year and continues to work closely with those providers to help them provide the services and therefore, utilize the available funds.
- Monitoring contracted programs, both programmatically and administratively/financially reflects a variance in the amount of \$232,129. 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 with service experts reviewing the functional area aligned with their expertise. For example, Council staff with advanced degrees, off-duty teachers and doctoral students conducts programmatic monitoring and a cadre of

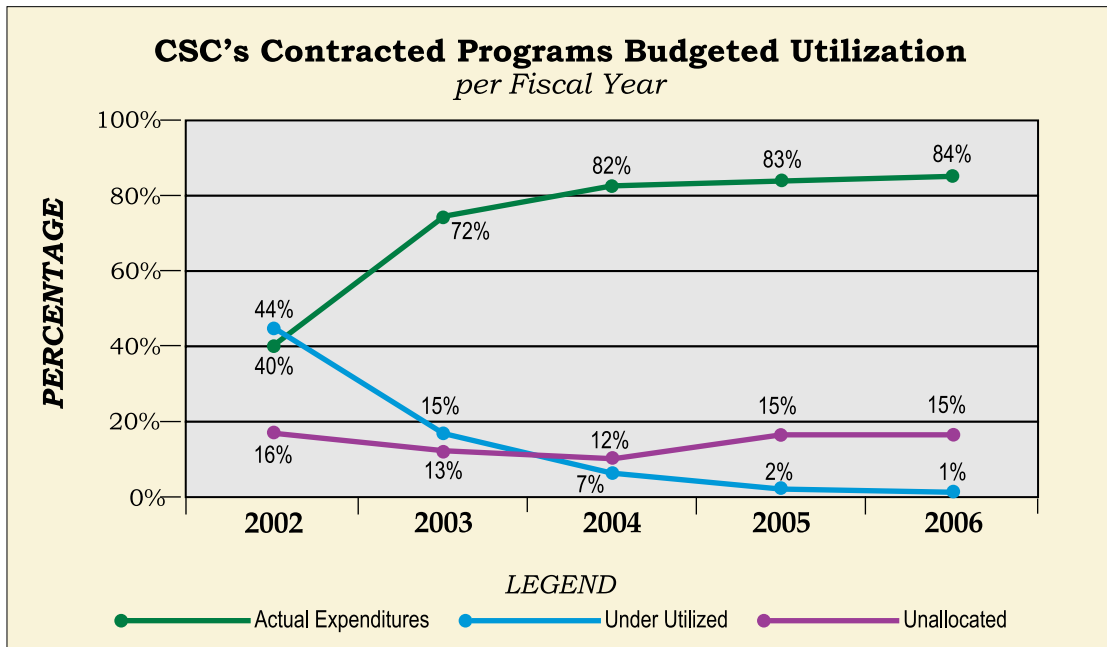
# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

## Management's Discussion and Analysis September 30, 2006

local accounting firms conducts the administrative/financial monitoring for all CSC funded programs. This methodology has been very successful; providing useful information which is used to improve program design, as well as to inform the training and technical assistance offered to the providers.

- The variance in salaries and benefits for Contract Administration was due to lapse positions not being filled during the year.

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



Alternatively, resources available for appropriation (revenues) were \$1.6 million 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 Federal Foster Care Reimbursement Program.

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

At the end of fiscal year 2006, the Council had \$339,718 invested in capital assets. These assets are primarily the computer hardware and related software. More detailed information about the Council's policies concerning capital assets is presented in Note 2 of the Notes to the Financial Statements.

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

## **Management's Discussion and Analysis September 30, 2006**

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 2006 budget and tax rates. Council Members continue to be very cautious in setting the tax rate, weighing their desire to meet the expanding need for services against the service provider capacity to deliver quality services. The Council is also mindful of the present fund balance, the .5 mill maximum tax levy and pressures in the local economy related to escalating property taxes and insurance rates.

A snapshot of the local economy presents a complex picture of mixed economic indicators, which was made worse because of a direct impact by a major hurricane in late October 2005. Initially, power was lost throughout the County for a week and longer in many areas; over 7,000 dwellings were deemed uninhabitable with many of the people going to shelters throughout the County, and countless businesses including several non-profits funded by the Council, were closed for days, weeks or longer awaiting repairs. A year later, Broward County is still feeling the effects from the storm as necessary buildings and roof repairs are just now being completed. Many long-term effects on the local economy have yet to be ascertained.

Unemployment in the greater Fort Lauderdale/Miami region as of September 2006, continues to trend downward to 3.8 percent versus 4.0 percent a year ago and 4.6 percent in September 2004. The local unemployment data is slightly higher than the State's unemployment rate of 3.2 percent and significantly lower than the national rate of 4.6 percent as of September 2006.

Inflation in the greater Fort Lauderdale/Miami region continues to be noticeably higher than the national Consumer Price Index (CPI) increase. The region's CPI was 5.7 percent for the first half of the 2006 calendar year compared with the average U.S. city rate of 3.8 percent for the same period. Inflation is higher in this region due in part to the residential housing market boom, increased homeowners insurance premiums and energy price increases in 2005-2006. With double digit property insurance rate increases and rising property values costing homeowners more in taxes, affordable housing has become an area of critical concern to local and state officials.



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

## **Management's Discussion and Analysis September 30, 2006**

Broward County consists of a diverse multi-ethnic culture with over 50 percent of residents considered minorities, along with changing demographics as evidenced by a 14% increase in children birth to 17 years of age from 2000 to 2005. This translates to an increased need for various types of culturally sensitive services for children and their families. The Council and local providers are challenged to keep pace with the ever growing needs of Broward's children and families.

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 grow the budget accordingly.

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. The budget is then developed around those identified service and system needs. Additionally, the Council members voted to appropriate \$5.8 million of fund balance in the subsequent fiscal year. This carry forward, as well as increased property values, allowed the Council members to reduce the millage rate to .4073 mills for the upcoming 2006-2007 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 the Council's website at: [www.cscbroward.org](http://www.cscbroward.org).



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Net Assets**  
**September 30, 2006**

	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 2,457,556
Investments	24,760,860
Taxes Receivable	104,780
Accounts and Interest Receivable	47,832
Due from Other Governments	224,910
Prepaid Expenses	126,932
Total Current Assets	27,722,870
Other Assets:	
Capital Assets, Net of Accumulated Depreciation:	
Equipment	82,247
Computer Hardware/Software	257,471
Total Capital Assets, Net	339,718
Total Assets	28,062,588
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	4,554,308
Salaries and Fringe Benefits Payable	38,912
Deferred Revenues	7,539
Compensated Absences:	
Expected to be paid within one year	31,436
Total Current Liabilities	4,632,195
Noncurrent Liabilities:	
Compensated Absences:	
Expected to be paid after one year	291,117
Total Liabilities	4,923,312
<b>NET ASSETS</b>	
Invested in Capital Assets	339,718
Unrestricted	22,799,558
Total Net Assets	\$ 23,139,276

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



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2006**

	<b>Total Governmental Activities</b>
<b>Expenses:</b>	
Contracted Programs:	
Contract/Direct Services	\$ 47,995,906
Contract Administration	2,498,185
	50,494,091
Total Contracted Program Expenses	
General Administration:	
Personal Services	1,186,658
Materials and Services	902,565
Community Redevelopment and Tax Collector Fees	845,973
	2,935,196
Total General Administration Expenses	
<b>Total Expenses</b>	<b>53,429,287</b>
<b>General Revenues:</b>	
Property Taxes	53,589,647
Investment Earnings	2,119,135
Grant Funding, Restricted	628,192
Miscellaneous Local	70,171
	56,407,145
Total General Revenues	
Change in Net Assets	2,977,858
Net Assets - Beginning of the Year	20,161,418
Net Assets - End of the Year	\$ 23,139,276

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, 2006**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 2,444,053	\$ 13,503	\$ 2,457,556
Investments	24,760,860	-	24,760,860
Taxes Receivable	104,780	-	104,780
Accounts and Interest Receivable	47,832	-	47,832
Due from Other Governments	92,738	132,172	224,910
Due from Other Funds	81,950	-	81,950
Prepaid Expenditures	126,932	-	126,932
Total Assets	<u>\$ 27,659,145</u>	<u>\$ 145,675</u>	<u>\$ 27,804,820</u>
 <b>LIABILITIES and FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 4,490,583	\$ 63,725	\$ 4,554,308
Salaries and Fringe Benefits Payable	38,912	-	38,912
Due to Other Funds	-	81,950	81,950
Deferred Revenue	7,539	-	7,539
Total Liabilities	<u>4,537,034</u>	<u>145,675</u>	<u>4,682,709</u>
 Fund Balance:			
Reserved for:			
Reserved for Prepaid Expenditures	126,932	-	126,932
Unreserved/Designated for:			
Designated for Contingency	5,283,701	-	5,283,701
Designated for Subsequent Year's Budget	5,769,059	-	5,769,059
Designated for Building Fund	8,000,000	-	8,000,000
Undesignated Fund Balance	3,942,419	-	3,942,419
Total Fund Balance	<u>23,122,111</u>	<u>-</u>	<u>23,122,111</u>
Total Liabilities and Fund Balance	<u>\$ 27,659,145</u>	<u>\$ 145,675</u>	<u>\$ 27,804,820</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, 2006**

Fund Balances - Total Governmental Funds \$ 23,122,111

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	1,044,763	
Less accumulated depreciation	<u>(705,045)</u>	339,718

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

Compensated absences		(322,553)
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Net Assets of Governmental Activities		<u><u>\$ 23,139,276</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, 2006**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 53,589,647	\$ -	\$ 53,589,647
Interest on Investments	2,119,135	-	2,119,135
Miscellaneous Local	70,171	-	70,171
Grant Funding	122,321	505,871	628,192
Total Revenue	<u>55,901,274</u>	<u>505,871</u>	<u>56,407,145</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Contracted Programs:</b>			
Contract/Direct Services	47,370,282	247,500	47,617,782
Monitoring/Outcome Materials	289,355	-	289,355
Total Contracted Services	<u>47,659,637</u>	<u>247,500</u>	<u>47,907,137</u>
<b>Contract Administration:</b>			
Employee Salaries & Benefits	2,230,444	135,157	2,365,601
Other Consultants	-	88,769	88,769
Material and Supplies	7,113	966	8,079
Printing and Advertising	5,341	4,179	9,520
Telecommunications	4,581	791	5,372
Other Expenditures	46,127	26,371	72,498
Total Contract Administration	<u>2,293,606</u>	<u>256,233</u>	<u>2,549,839</u>
<b>General Administration:</b>			
Employee Salaries & Benefits	1,171,575	-	1,171,575
Legal Fees	26,030	-	26,030
Auditors and Other Consultants	32,610	-	32,610
Materials and Supplies	48,517	-	48,517
Printing and Advertising	13,024	-	13,024
Other General Administration	377,621	-	377,621
Telecommunications	79,140	-	79,140
Other Expenditures	167,464	-	167,464
Tax Collection Fees	315,662	-	315,662
Community Redevelopment Area Fees	530,311	-	530,311
Total General Administration	<u>2,761,954</u>	<u>-</u>	<u>2,761,954</u>



	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Capital Outlay:</b>			
Computer Hardware/Software	190,459	2,138	192,597
Furniture/ Equipment	17,768	-	17,768
Remodeling/Renovations	667	-	667
Total Capital Outlay	<u>208,894</u>	<u>2,138</u>	<u>211,032</u>
<b>Total Expenditures</b>	<u>52,924,091</u>	<u>505,871</u>	<u>53,429,962</u>
<b>Net Change in Fund Balance</b>	2,977,183	-	2,977,183
<b>Beginning Fund Balance</b>	<u>20,144,928</u>	<u>-</u>	<u>20,144,928</u>
<b>Ending Fund Balance</b>	<u><u>\$ 23,122,111</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,122,111</u></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**  
**For the Year Ended September 30, 2006**

Net Change in Fund Balances - Total Governmental Funds \$ 2,977,183

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	178,138	
Less current year depreciation	<u>(135,697)</u>	42,441

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	(41,766)
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Change in Net Assets of Governmental Activities	<u><u>\$ 2,977,858</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**

## **Notes to the Financial Statements**

**September 30, 2006**

### **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, 2006**

### **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, 2006**

**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, 2006**

### **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. The SBA pool is unrated by the major rating agencies, and investment into the fund is consistent with SEC rule 2a-7. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA.

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



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

**Notes to the Financial Statements**

**September 30, 2006**

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

***g. Inventory and Prepaid Items***

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

***h. Encumbrances***

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

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

## **Notes to the Financial Statements**

**September 30, 2006**

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

#### ***i. Capital Assets, continued***

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.

#### ***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. Currently, there are no employees that meet the requirements for accrued sick leave payout within one year.

#### ***k. Fund Balance***

In the fund financial statements, reservations of fund balance are reported to indicate a portion of fund balance is not available for appropriation, 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, 2006

### 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 other banking institution, eligible collateral. In the event of a failure, the remaining public depositories would be responsible for covering any losses. All bank balances of the Council are held in a QPD. 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, 2006 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
Cash Deposits	\$ 2,457,556	-	\$ -
Investments with the SBA	24,760,860	49 days	24,760,860
Total Cash and Investments	<u>\$ 27,218,416</u>		<u>\$ 24,760,860</u>

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

**Notes to the Financial Statements  
September 30, 2006**

**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 2006 were invested with the SBA. The SBA pool is unrated by the major rating agencies, and investment into the fund is consistent with SEC rule 2a-7.

***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, 2006 consists of the following:

	General Fund
Interest Receivable	\$ 16,519
Refunds/Settlements	15,847
Co-locator Services	13,465
Registration Fees	1,160
Employee Reimbursements	841
Total Accounts Receivable	<u>\$ 47,832</u>

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

**Notes to the Financial Statements  
September 30, 2006**

**5. INTERFUND RECEIVABLES AND PAYABLES**

Interfund Receivables and Payables at September 30, 2006 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 81,950	\$ -
Special Revenue Fund	-	81,950
Total	<u>\$ 81,950</u>	<u>\$ 81,950</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.

**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 2006 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, 2006 upon which the fiscal year 2006 levy was based, was approximately \$155.2 billion.

A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the Council based on the amount of receipts reported by the County Tax Collector. Property taxes receivable from the tax collector at September 30, 2006 is \$104,780.

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

**Notes to the Financial Statements  
September 30, 2006**

**7. CAPITAL ASSETS ACTIVITY**

	Balance at Oct 1, 2005	Additions	Deletions	Balance at Sept 30, 2006
Capital Assets:				
Equipment	\$ 175,566	\$ -	\$ -	\$ 175,566
Computer Hardware/Software	699,554	178,138	(8,495)	869,197
Total Capital Assets	875,120	178,138	(8,495)	1,044,763
Less Accumulated Depreciation:				
Equipment	60,373	32,946	-	93,319
Computer Hardware/Software	517,470	102,751	(8,495)	611,726
Total Accumulated Depreciation	577,843	135,697	(8,495)	705,045
Capital Assts, Net	\$ 297,277	\$ 42,441	\$ -	\$ 339,718

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

Contract Administration	\$ 86,360
General Administration	49,337
Total Depreciation Expense	<u>\$ 135,697</u>

**8. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for fiscal year ended September 30, 2006:

	Beginning Balance Oct 1, 2005	Increases	Decreases	Ending Balance Sept 30, 2006	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 259,800	\$ 232,832	\$ (178,275)	\$ 314,357	\$ 31,436
Sick Leave Accrual	20,987	7,300	(20,091)	8,196	-
Total Compensated Absences	\$ 280,787	\$ 240,132	\$ (198,366)	\$ 322,553	\$ 31,436



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

**Notes to the Financial Statements  
September 30, 2006**

**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, 2006 amounted to \$20,288. The current facility expense for the fiscal year ended September 30, 2006 was \$330,406.

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>
2007	\$ 23,160	\$ 343,185
2008	-	357,430
2009	-	189,729
2010	-	-
2011	-	-
	<u>\$ 23,160</u>	<u>\$ 890,344</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 9.85% for regular employees and 13.12% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2006, 2005, and 2004 were \$237,240, \$167,583, and \$128,777 respectively, equal to the required contribution.

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

**Notes to the Financial Statements**

**September 30, 2006**

**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 \$5.8 million. This amount is appropriated in the fiscal year 2006-2007 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, 2006**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 53,524,403	\$ 53,524,403	\$ 53,589,647	\$ 65,244
Interest on Investments	715,000	715,000	2,119,135	1,404,135
Miscellaneous Local	25,000	65,800	70,171	4,371
Grant Funding	-	-	122,321	122,321
<b>Total Revenue</b>	<b>54,264,403</b>	<b>54,305,203</b>	<b>55,901,274</b>	<b>1,596,071</b>
<b>Expenditures:</b>				
<b>Contracted Programs:</b>				
Contract/Direct Services	55,459,633	55,549,275	47,370,282	8,178,993
Monitoring/Outcome Materials	510,000	521,484	289,355	232,129
<b>Total Contracted Services</b>	<b>55,969,633</b>	<b>56,070,759</b>	<b>47,659,637</b>	<b>8,411,122</b>
<b>Contract Administration:</b>				
Employee Salaries & Benefits	2,484,846	2,456,459	2,230,444	226,015
Other Consultants	8,000	8,000	-	8,000
Material and Supplies	7,000	8,741	7,113	1,628
Printing and Advertising	12,000	9,010	5,341	3,669
Telecommunications	6,000	5,276	4,581	695
Other Expenditures	37,000	49,473	46,127	3,346
<b>Total Program Services</b>	<b>2,554,846</b>	<b>2,536,959</b>	<b>2,293,606</b>	<b>243,353</b>
<b>General Administration:</b>				
Employee Salaries & Benefits	1,156,372	1,184,759	1,171,575	13,184
Legal Fees	60,000	60,000	26,030	33,970
Auditors and Other Consultants	70,000	70,000	32,610	37,390
Materials and Supplies	55,000	52,964	48,517	4,447
Printing and Advertising	114,070	49,070	13,024	36,046
Other General Administration	406,000	424,654	377,621	47,033
Telecommunications	138,480	145,211	79,140	66,071
Other Expenditures	316,350	306,301	167,464	138,837
Tax Collection Fees	330,019	330,019	315,662	14,357
Comm. Redevelopment Fees	565,000	572,384	530,311	42,073
<b>Total General Administration</b>	<b>3,211,291</b>	<b>3,195,362</b>	<b>2,761,954</b>	<b>433,408</b>

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
Capital Outlay:				
Computer Hardware/Software	250,000	223,490	190,459	33,031
Furniture/ Equipment	42,775	42,775	17,768	25,007
Remodeling/Renovations	5,000	5,000	667	4,333
Total Capital Outlay	297,775	271,265	208,894	62,371
<b>Total Expenditures</b>	62,033,545	62,074,345	52,924,091	9,150,254
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (7,769,142)</u>	<u>\$ (7,769,142)</u>	2,977,183	<u>\$ 10,746,325</u>
<b>Beginning Fund Balance</b>			<u>20,144,928</u>	
<b>Ending Fund Balance</b>			<u>\$ 23,122,111</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, 2006**

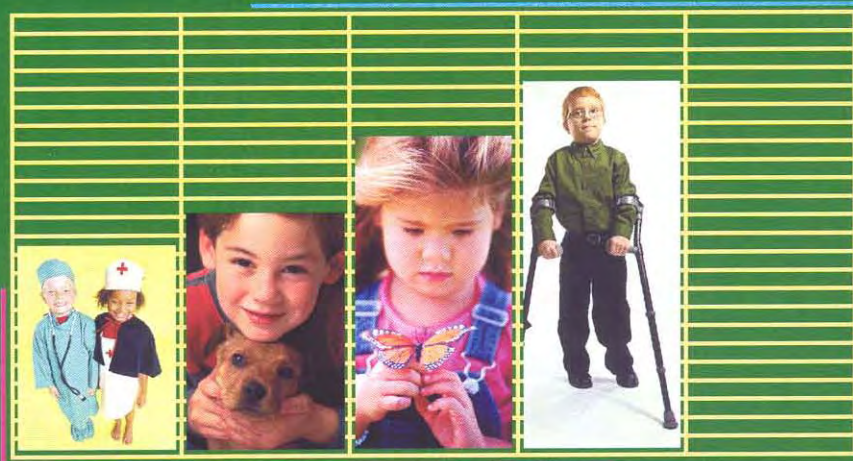
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
Federal Through State	\$ 510,000	\$ 538,500	\$ 505,871	(32,629)
<b>Total Revenue</b>	<b>510,000</b>	<b>538,500</b>	<b>505,871</b>	<b>(32,629)</b>
<b>Expenditures:</b>				
<b>Contracted Programs:</b>				
Contract/Direct Services	280,000	247,500	247,500	-
<b>Contract Administration:</b>				
Employee Salaries & Benefits	135,783	135,783	135,157	626
Other Consultants	66,470	107,470	88,769	18,701
Material and Supplies	3,943	3,386	966	2,420
Printing and Advertising	3,100	4,249	4,179	70
Telecommunications	2,500	1,586	791	795
Other Expenditures	16,204	36,204	26,371	9,833
<b>Total Program Services</b>	<b>228,000</b>	<b>288,678</b>	<b>256,233</b>	<b>32,445</b>
Capital Outlay:				
Computer Hardware/Software	2,000	2,322	2,138	184
Furniture/ Equipment	-	-	-	-
<b>Total Capital Outlay</b>	<b>2,000</b>	<b>2,322</b>	<b>2,138</b>	<b>184</b>
<b>Total Expenditures</b>	<b>510,000</b>	<b>538,500</b>	<b>505,871</b>	<b>32,629</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Beginning Fund Balance</b>			<b>-</b>	
<b>Ending Fund Balance</b>			<b>\$ -</b>	

NOTE: GAAP serves as the budgetary basis.





# Statistical Section



*"Celebrating Five Years of Investment  
in our Children's Future."*





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

## **Comprehensive Annual Financial Report For The Year Ended September 30, 2006**

### **STATISTICAL SECTION**

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

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

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

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

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

**Net Assets by Component**

**Last Five Fiscal Years**

(accrual basis of accounting)

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

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

Year	
2005	2006
\$ 297,277	\$ 339,718
19,864,141	22,799,558
<u>\$ 20,161,418</u>	<u>\$ 23,139,276</u>



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

**Changes in Net Assets**

**Last Five Fiscal Years**

(accrual basis of accounting)

	Fiscal		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Expenses</b>			
Governmental activities:			
Contracted Direct Services	\$ 7,741,217	\$ 25,678,518	\$ 33,876,243
Contract Administration	616,105	1,036,741	1,216,230
General Administration	1,433,332	1,309,537	2,096,073
Community Redevelopment & Tax Collector Fees	-	670,149	907,649
Total primary government expenses	<u>\$ 9,790,654</u>	<u>\$ 28,694,945</u>	<u>\$ 38,096,195</u>
<b>Program Revenues</b>			
Governmental activities:			
Operating grants	\$ 2,455,912	\$ 464,306	\$ 589,892
Total primary government program revenue	<u>\$ 2,455,912</u>	<u>\$ 464,306</u>	<u>\$ 589,892</u>
<b>Net (Expense)/Revenue</b>			
Total primary government net expense	<u>\$ (7,334,742)</u>	<u>\$ (28,230,639)</u>	<u>\$ (37,506,303)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Property taxes	\$ 23,925,608	\$ 28,840,883	\$ 38,323,485
Investment earnings	313,098	431,398	439,573
Miscellaneous	112,248	143,393	210,523
Total primary government	<u>\$ 24,350,954</u>	<u>\$ 29,415,674</u>	<u>\$ 38,973,581</u>
<b>Changes in Net Assets</b>			
Total primary government	<u>\$ 17,016,212</u>	<u>\$ 1,185,035</u>	<u>\$ 1,467,278</u>

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

Year	
<u>2005</u>	<u>2006</u>
\$ 42,804,585	\$ 47,995,906
1,803,292	2,498,185
2,142,081	2,089,223
642,575	845,973
<u>\$ 47,392,533</u>	<u>\$ 53,429,287</u>
\$ 665,235	\$ 628,192
<u>\$ 665,235</u>	<u>\$ 628,192</u>
<u>\$ (46,727,298)</u>	<u>\$ (52,801,095)</u>
\$ 46,299,021	\$ 53,589,647
1,145,141	2,119,135
18,518	70,171
<u>\$ 47,462,680</u>	<u>\$ 55,778,953</u>
<u>\$ 735,382</u>	<u>\$ 2,977,858</u>

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

(modified accrual basis of accounting)

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

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

Year	
<u>2005</u>	<u>2006</u>
\$ 64,992	\$ 126,932
20,079,936	22,995,179
<u>\$ 20,144,928</u>	<u>\$ 23,122,111</u>

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

(modified accrual basis of accounting)

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

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

Year	
<u>2005</u>	<u>2006</u>
\$ 46,299,021	\$ 53,589,647
1,145,141	2,119,135
18,518	70,171
-	-
665,235	628,192
<u>48,127,915</u>	<u>56,407,145</u>
42,804,585	47,907,137
1,723,257	2,549,839
2,599,145	2,761,954
165,186	211,032
<u>47,292,173</u>	<u>53,429,962</u>
<u>\$ 835,742</u>	<u>\$ 2,977,183</u>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Five Fiscal Years**

(In thousands of dollars)

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Other (1)
2002	\$ 66,766,083	\$ 14,687,789	\$ 4,692,641	\$ 7,334,222
2003	84,483,132	15,311,316	5,146,783	9,347,071
2004	83,640,748	18,072,551	5,844,902	8,522,724
2005	93,673,843	19,555,418	6,607,839	9,203,728
2006	142,888,132	21,198,170	7,370,441	10,686,687

Source: Broward County Property Appraiser

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

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

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

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

Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Council Tax Rate (2)
\$ 22,522,462	\$ 70,958,273	0.3055
28,960,208	85,328,094	0.3316
36,898,837	79,182,088	0.3920
44,300,477	84,740,351	0.4231
56,409,847	125,733,583	0.4231



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

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

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

Source: Broward County Revenue Collection Division

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

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

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



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

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

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

Source: Broward County Revenue Collector

**2006**

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<b>Taxes Levied</b>	<b>Rank</b>	<b>Percent to Aggregate Taxes Levied</b>
\$ 30,732	1	1.04%
-		-
-		-
-		-
-		-
-		-
3,195	3	0.11%
2,402	8	0.08%
-		-
6,959	2	0.23%
3,176	4	0.11%
3,073	5	0.10%
2,890	6	0.10%
2,410	7	0.08%
2,344	9	0.08%
2,304	10	0.08%
<hr/> <b>\$ 59,485</b> <hr/>		<hr/> <b>2.01%</b> <hr/>

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

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
2002	\$ 25,231,408	\$ 23,925,608	94.8%	\$ 86,500
2003	30,659,841	28,785,876	93.9%	159,688
2004	40,758,917	38,225,214	93.8%	94,158
2005	48,808,266	46,168,199	94.6%	88,433
2006	56,341,477	53,444,968	94.9%	-

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

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

**Total Collections to Date**

---

<b>Amount</b>	<b>Percentage of Levy</b>
\$ 24,012,108	95.2%
28,945,564	94.4%
38,319,372	94.0%
46,256,632	94.8%
53,444,968	94.9%

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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>	<b>Public School Enrollment (4)</b>
2002	1,669,153	\$ 54,850,632	\$ 32,189	37.9	266,272
2003	1,698,425	55,790,306	32,280	37.7	271,339
2004	1,723,131	59,615,576	34,008	38.0	272,691
2005	1,740,987	N/A	N/A	38.1	251,863
2006	1,753,162	N/A	N/A	N/A	270,935

Source:

- (1) UF, Bureau of Business and Economic Research as of April 1.
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) US Census Bureau
- (4) School Board of Broward County
- (5) U.S. Department of Labor Bureau of Labor Statistics

N/A Not Available

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

**Unemployment  
Rate (5)**

---

5.80%

5.80%

4.60%

3.50%

3.80%



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

<b>2002</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Broward School Board*	28,203	1	3.4%
Memorial Healthcare System*	7,700	3	0.9%
N. Broward Hospital District*	6,330	4	0.8%
Broward County Government*	7,775	2	0.9%
American Express	6,300	5	0.8%
Motorola	3,000	7	0.4%
Pediatric Medical Group	-		-
BCF Financial Corp/BankAtlantic	-		-
City of Fort Lauderdale	2,420	10	0.3%
Ed Morse Automotive Group	-		-
Aviation Sales Co	3,800	6	0.5%
Seabulk International, Inc.	2,600	8	0.3%
Holy Cross Hospital	2,500	9	0.3%
<b>Total</b>	<b>70,628</b>		<b>8.6%</b>

\* Includes both full time and part time employees

Source: Broward County Planning Services Division

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

**2006**

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<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
36,853	1	3.8%
9,370	2	1.0%
7,472	3	0.8%
6,964	4	0.7%
4,200	5	0.4%
3,500	6	0.4%
2,826	7	0.3%
2,547	8	0.3%
2,250	9	0.2%
2,200	10	0.2%
-		-
-		-
-		-
<hr/> <hr/> 78,182		<hr/> <hr/> 8.1%

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

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

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

Source: Children's Services Council, Finance Administration

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

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

- (a) Percentage of contract/direct services budget under contract.
- (b) Percentage of contract/direct services budget spent.
- (c) Percentage of contract/direct services budget contracted but not spent.
- (d) Percentage of contract/direct services budget not allocated/contracted.

General Fund Total Expenditures as a percentage of revenues					
Budget (e)	96%	128%	121%	121%	114%
Actual (f)	40%	90%	96%	98%	95%

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

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

Source: The Children's Services Council - Finance Administration





# Internal Control & Compliance



*"Celebrating Five Years of Investment  
in our Children's Future."*



**CHILDREN'S  
SERVICES  
COUNCIL**  
*of Broward County*







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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

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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, 2006, which collectively comprise the Children's Services Council of Broward County's basic financial statements and have issued our report thereon dated February 6, 2007. 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*.

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.

*Rawlens Holt & Minter, P.A.*

February 6, 2007



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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, 2006. 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, 2006.

#### 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.

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.

*Nawla, Hatt & Miner, P.A.*

February 6, 2007

**Children's Services Council of Broward County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2006**

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Federal Expenditures</u>
Federal Awards			
<u>Department of Health and Human Services</u>			
Passed Through Broward County Board of Commissioners			
CMHS Child Mental Health Service Initiative	93.104	03-CSAD-8381	\$ <u>505,871</u>
Passed Through Florida Department of Children and Families			
Title IV E Grant	93.658	*	\$ <u>72,046</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, 2006**

**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**

CFDA Numbers

Name of Federal Program

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, 2006**

**Section II—Financial Statement Findings**

No matters are reported.

**Section III—Federal Award Findings and Questioned Costs**

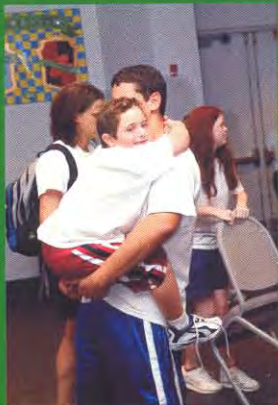
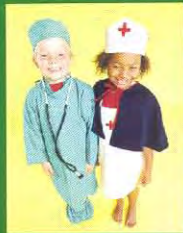
No matters are reported.

**Section IV—Summary Schedule of Prior Audit Findings**

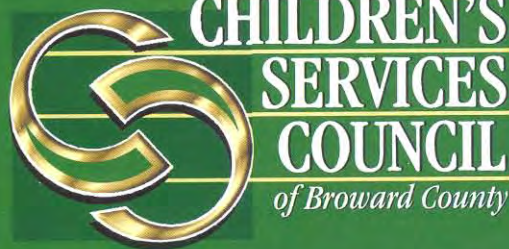
No matters were reported in the prior period.







# Year 5 *and* growing.



Learn more about CSC's Activities and Funding at [www.cscbroward.org](http://www.cscbroward.org)

- Call us: 954-377-1000
- Email us: [info@cscbroward.org](mailto:info@cscbroward.org)
- Training Website: [training.cscbroward.org](http://training.cscbroward.org)
- Advocacy Corner: [advocacy.cscbroward.org](http://advocacy.cscbroward.org)

*Or, write us:*

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