



Celebrating 11 Years of Investing in Broward's Children



Comprehensive Annual Financial Report For Fiscal Year Ending **SEPTEMBER 30, 2012**

6600 West Commercial Blvd., Lauderdale, FL 33319
(954) 377-1000 ♦ info@cscbroward.org ♦ www.cscbroward.org

Council Members



Dr. Paula Thaqui, Director,
Broward County Health
Department

Chair



Ana Valladares
Governor Appointee



Sue Gunzburger
Commissioner



Robin Bartleman
School Board of
Broward County

Vice Chair



Maria M. Schneider
Governor Appointee



Judge
Martin R. Dishowitz
Judicial Member

Secretary



Dr. Charlene M. Désir
Governor Appointee



Emilio Benitez
Governor Appointee



Robert W. Runcie
Superintendent



Tara R. Philipp
Governor Appointee



Kim Gorsuch
Circuit 17 Administrator,
Department of Children
and Families

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Children's Services Council Of Broward County, Florida

**for the
Fiscal Year Ended September 30, 2012**

Issued By:

Cindy J. Arenberg Seltzer, President/CEO

Prepared By:

Financial Management:

Monti Larsen, Chief Operating Officer

Kathleen Campbell, Finance Manager



Children's Services Council

of Broward County

Our Focus is Our Children.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Comprehensive Annual Financial Report
For The Year Ended September 30, 2012**

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Children's Services Council

of Broward County

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INTRODUCTORY SECTION





Children's Services Council

of Broward County

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February 21, 2013

**CHILDREN'S
SERVICES COUNCIL MEMBERS:**

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

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

*Judge Martin R. Dishowitz, Secretary
Judicial Member*

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

*Emilio Benitez
Governor Appointee*

*Dr. Charlene M. Désir
Governor Appointee*

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

*Sue N. Gunzburger
Broward County Commission*

*Tara R. Philipp
Governor Appointee*

*Robert W. Runcie
Superintendent
Broward County Public Schools*

*Maria M. Schneider
Governor Appointee*

STAFF

*Cindy J. Arenberg Seltzer
President/CEO*

LEGAL COUNSEL

John Milledge

Garry Johnson

Members of the Children's Services Council
of Broward County
6600 West Commercial Blvd.
Lauderhill, Florida 33319

Dear Council Members:

In the spirit of good stewardship, we respectfully submit the Comprehensive Annual Financial Report ("CAFR") of the Children's Services Council of Broward County ("Council") or ("CSC") for the fiscal year that ended September 30, 2012. Florida Statutes require that our financial statements are prepared in conformance with United States Generally Accepted Accounting Principles ("GAAP") and that an external audit be performed by an independent certified public accounting firm in accordance with generally accepted auditing standards. This report is the primary method of reporting the Council's financial activities and satisfies those requirements.

Responsibility for the integrity, objectivity, accuracy, completeness and fairness of presentation of these financial statements rests with management. Prepared in conformity with United States Generally Accepted Accounting Principles ("GAAP") for governmental entities, the financial information is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and operating results for the Council, on a Government-wide and Fund basis. This report includes all disclosures necessary to enable the reader to gain an understanding of the financial affairs of the Council.

Management is responsible for maintaining an internal control framework that is designed to protect the Council's assets from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the expected benefits, and evaluation of costs and benefits requires management's estimates. The Council Members and management have a plan of organization and policies in place to safeguard assets, validate the reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies and procedures. We believe these existing internal accounting controls adequately safeguard assets and provide reasonable, but not absolute, assurance of proper recording and reporting of the Council's finances.

The Council's financial statements have been audited by Marcum, LLP, a firm of licensed certified public accountants competitively selected by the Council Members on June 25, 2012. This is the first year of the audit engagement by Marcum since Council policy mandates a five year auditor rotation. 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, 2012 are free of material misstatement. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditors concluded that, based upon the audit, there was a reasonable basis for rendering an unqualified opinion that the Council's basic financial statements for fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the Council's basic financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. This federal requirement is the result of receiving federal grants from various agencies as listed on the Schedule of Expenditures of Federal Awards. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the Council's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Internal Control and Compliance section of this report.

United States Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter is designed to complement the MD&A and should be read in conjunction with it. The Council's MD&A can be found immediately following the report of the independent auditor.

CSC Profile

The Children's Services Council of Broward County ("CSC" or "Council") was approved by the voters of Broward County Florida by special referendum on September 5, 2000. Consequently, the Council was established as an Independent Special Taxing District by State Statute (Ch 2000-461 Laws of Florida) on January 2, 2001 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 President/CEO and Chief Financial Officer. The July 2004 amendment included, among other things, the addition of the District Health Administrator as one of the Council Members appointed by virtue of the position held in the community.

The eleven Member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and six (6) members appointed by virtue of the office or position they hold within the community. In fiscal year 2011/12, the Governor appointed three new members to the Council and reappointed two existing members. Council Members are responsible for setting policies and prioritizing and approving program and administrative funding. Each member brings an understanding of the diverse and multi-cultural needs of the Broward community and a firm commitment to improving the welfare of children and their families.

The jurisdiction of the Council is contiguous with Broward County, the second largest county in the state and one of the most diverse counties in Florida as 25% are foreign born compared to an average of 17% statewide. The Council's mission is to provide the leadership, advocacy, and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning of a continuum of quality care. To accomplish this task, the statute allows for the Council to levy taxes up to .5 mills of the assessed property tax value. The Council is not a component unit of any other governmental unit nor does it meet the criteria to include any governmental organization as a component unit.

Operational Leadership

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

The Council's goals and objectives are very closely connected to the CSC-led Broward County Children's Strategic Plan, which provides a valuable framework for the community to foster public dialog on trends and benchmarks and to develop action plans for system improvements. There are 16 different working committees and 18 subcommittees comprised of representatives from all facets of the Broward community who meet throughout the year, with the support of Council staff, to fill gaps and to find more efficient ways to provide much needed services with shrinking resources. Several years ago, the Council embraced Results Based Accountability ("RBA") to improve collaboration and transparency in reporting results to the community. Using this RBA framework, each committee produces a one-page "story" (also known as a Turn the Curve Report) of the desired result, providing community indicator data, analysis of the trend and why progress moves up or down. This structure identifies community partners to help achieve the desired results, and action steps using evidence-based research and local wisdom about what works. Additionally, the committees share their work with the Children's Strategic Plan Leadership Coalition comprised of local policy makers and civic leaders to address barriers that impact quality of life issues for Broward's children and families.

The Council continually enhances its technology to improve tracking and analysis of various data elements. This information provides performance-based outcomes and community impact data which is used to assess the performance of funded programs. A web-enabled database maintains provider and client data and accounts for the reimbursement of expenditures by unit of service. Additionally, the Council continues to collaborate with state and local agencies on data sharing initiatives to enable compilation and analysis of aggregate outcome data. This comprehensive approach allows the Council to evaluate programs to ensure effectiveness. While national literature on social services' Return on Investment is an emerging area of research, the Council, along with our colleagues across the State, is on the cutting edge of that initiative.

Accountability to the taxpayer, as well as to the children and families that are served, remains a high priority of the Council. All funded programs are monitored using a dual approach: program experts including staff with advanced degrees and off-duty teachers and doctoral students, review the quality of the services delivered; and accountants monitor the administrative/financial functions. This dual methodology has been very successful; ensuring accountability while providing useful information that is used to improve program design, as well as to inform the training and technical assistance needs of funded providers.

Budget and Fiscal Policy

The annual budget serves as the foundation for the Council's financial planning and control. Council Members hold their annual retreat in May of each year to set the budget for the upcoming fiscal year. At that retreat they review the outcome and utilization history of funded goal areas; assess fiscal and social return on investment data; and consider feedback from the on-going work of the committees from the county-wide Children's Strategic Plan. Once the Council's goals are outlined, staff researches best practice, evidence-based programs to address any newly identified areas, procures specific services through the social service network, and assesses the performance of programs to ensure the desired results are obtained. The Council revisits the May budget recommendations at their monthly meetings in June and August to ensure the final budget is aligned with the goals and objectives for the TRIM hearings, as discussed below.

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

Long term Financial Planning

Long-term financial planning for a government usually includes those aspects involved with capital budget, revenue and expenditure forecasts. The Council is somewhat limited regarding capital expenditures, as statute precludes incurring debt in any form. On September 1, 2009, the Council completed a 31,500 square foot Silver LEED (Leadership in Energy and Environmental Design) building for its headquarters completely paid through Reserves from underutilized budget that was set aside over the years for the building. This energy efficient construction has lowered the annual operating costs thereby allowing the Council to increase its programmatic goals budget by approximately \$200,000. Over the past three years, the building has become a central place for community meetings and trainings. For fiscal year 2011/12, there were over 100 community meetings in addition to 170 training sessions. Since the building is sufficient to meet the Council's needs for the foreseeable future, there are not any large capital related expenditures on the horizon. The Council anticipates using fund balance to help off-set millage rate increases so that these much needed preventive children's services are not reduced.

Economic Conditions and Outlook

South Florida is a wonderful place to live, work and raise a family. The 23 miles of beaches coupled with the tropical climate, as well as a flourishing melting pot of cultural diversity (more than 25% of the County's population are foreign born compared to an average of about 17% statewide) add to the richness of the area. Broward County is a diverse multi-ethnic community with over 50 percent of residents considered minorities.

The County was deeply affected by the continuing economic downturn and is slow to emerge back to "normal". While the economic downturn began with the housing crisis, it spread throughout the economy and over the past few years has resulted in a substantial increase in demand for social needs throughout the community.

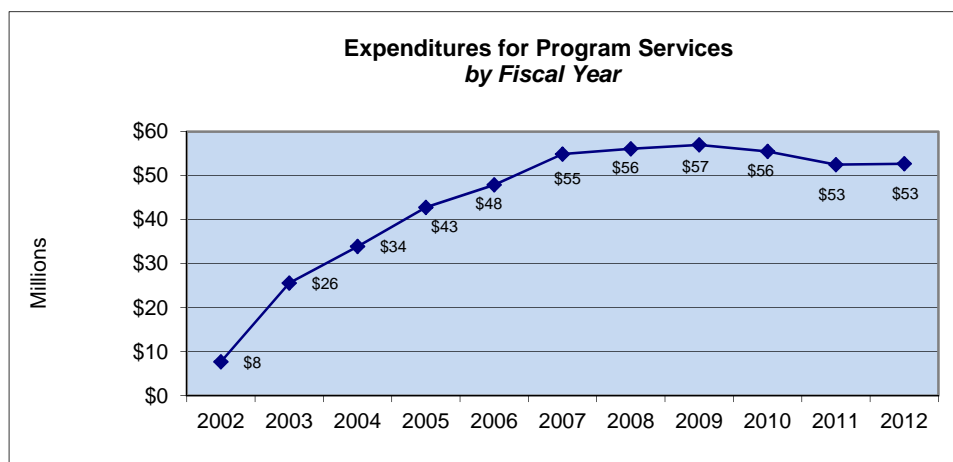
Broward County has been very fortunate and not suffered a direct impact from a hurricane in the past seven years. The County and various local agencies maintain a sense of preparedness with a strong infrastructure to provide vital community services if necessary. Perhaps because of the lack of storms, the County's tourism rate continues to reflect a fairly strong presence of visitors to our community. Various marketing campaigns attract an increasingly diverse mix of domestic and international visitors with an estimated 11 million visitors coming to Broward County annually. The summer of 2011 recorded the highest hotel occupancy rate since 2007 at 70.5 percent. Broward's hospitality and tourism industry employs more than 121,000 people in travel related jobs and for every 85 visitors, one job is created.

Additionally, the local airport is the fifth fastest growing large hub airport in the nation and is one of the largest employers in the County with over 44,000 jobs and \$2.6 billion in annual economic activity. More than 23.5 million passengers traveled through the Airport, a slight increase of 1 percent from the previous year. The Airport is the area's leading low cost airport with over 300 daily departures. Port Everglades, the local seaport, was named "Port of the Year" by Seatrader, a worldwide cruise trade publication. Port Everglades is the cruise capital of the world with more than 3.5 million passengers flowing through the port during the 11/12 cruise season and more

homeported cruise ships than any cruise port worldwide. Several years ago, the cruise terminal converted existing warehouse space to accommodate the new larger ships and since 2010 the world's largest ship *Allure of the Seas*, along with 4 new larger ships, sail from Port Everglades. Additionally, the Port also welcomed the largest cargo ships in its history. And the building continues under a new plan approved in March 2011 that will guide the Port's development over the next 20 years. The new plan includes three major expansion projects that will help pave the way for when the Panama Canal is enlarged. These projects are expected to create 7,000 new local jobs and support 135,000 jobs statewide over the next 15 years.

Over the past few years, the Florida Legislature took multiple legislative actions to stem rising property taxes such as allowing additional property tax exemptions for real property owners, tied future millage rate increases to the average growth in personal income and strongly discouraged local governments from increasing their millage rates to make up for lost revenues. Additionally, this past election cycle also had legislative actions that will increase exemptions for specific property owners. The result of this new legislation and how it will affect the Council's millage rate and budget is unknown at this point.

The Council continues to strive to maximize services for Broward's children and families and has carefully used fund balance to help offset revenue losses, while maintaining a high level of accountability to the taxpayer. Expenditures for Program Services remained level for this past year and the provider agencies continued to drawdown most of their budget. The Council's services for children and their families continues to provide a great community benefit while also providing an economic gain to the local economy by funding just over 2,600 full time equivalent positions in the social services area. The chart below illustrates expenditures for Program Services since CSC's inception.



Major Initiatives

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

- ◆ Every five years the Council sponsors a community gathering to celebrate the progress of the community-wide Broward County Children’s Strategic Plan and to lay the ground work for the next 5 year cycle. In March, over 1,000 members of the child serving community, students and parents gathered for the 2012 Broward Youth Summit. The key note speaker was nationally recognized Geoffrey Canada, founder of the Harlem Children’s Zone. The Council’s \$50,000 budget was matched by over \$38,000 raised through community donations to help off-set the costs for this very successful event.
- ◆ Recognizing a need to help students with their school supplies in this stubborn economic environment, the Council offered a \$30,000 challenge grant to local businesses, organizations and residents to support a Back to School Community Extravaganza. This \$30,000 challenge generated over \$40,000 in additional community funding for a total of \$70,000 which helped over 4,000 students return to school with a new backpack filled with all types of school supplies. There were over 100 volunteers, who came together to assemble thousands of backpacks with supplies, uniforms, and shoes. Additionally, the Governor joined young people to purchase supplies and then worked with the volunteers one day to help stuff backpacks. The backpacks were distributed by School District Social Workers to students identified as living in unstable conditions.
- ◆ The Council continued its progress for creating a seamless system of care for families with children with physical and developmental disabilities. The Special Needs Advisory Coalition (“SNAC”) continues to create coalitions and workgroups to improve communication and access to services as identified in the Broward County Children’s Strategic Plan. The SNAC is essential to advocate for the Special Needs population to ensure that needed services are recognized both at the State level as well as in Broward County. Additionally, for the 4th year, the Council through SNAC sponsored the “Transition to Adulthood” where over 400 students, parents and members of the community gathered to attend training sessions focused on self-advocacy, post-secondary planning and independent living skills. The feedback continues to be very positive.
- ◆ Partnering with the Internal Revenue Service and local human service providers, the Council aggressively promotes the Earned Income Tax Credit (“EITC”) program for working families. Over the past eleven years, this campaign has provided an additional \$175 million that went directly into the pockets of eligible Broward County residents. For fiscal year 2012, the Council spent \$218,000, the same amount as the prior year, to promote EITC. Over the years, this outreach has expanded to incorporate financial literacy, access to Kid Care (health insurance), WIC and food stamps, in addition to preparing tax returns at Volunteer Income Tax Assistance (“VITA”) sites. Through a partnership with United Way, a mobile unit is also used to travel to needy areas including low income communities, areas with large

numbers of non-English speaking residents and residents with physical and developmental disabilities.

- ◆ The Council leads an Agency Capacity Building Committee comprised of key community funders and service providers in an open dialog on concerns and issues related to funding and building capacity for emerging, niche, and community-based organizations serving children and their families.

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

The Council's budget for fiscal year 2012-2013 is \$63.6 million, which includes \$747,891 budget carry forward from the prior fiscal year and \$2.5 million of fund balance. Using \$3.2 million of existing funds, the Council was able to lessen the increase in millage rate without significantly reducing programs and services. The Council continues to be very cognizant of limited resources and works diligently to serve the children and families in the most efficient and effective manner.

Certificate of Achievement for Excellence on Financial Reporting

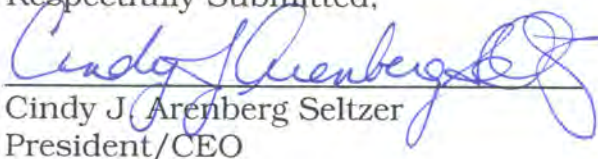
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Children's Services Council of Broward for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This was the tenth consecutive year that the Council was eligible to receive this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully Submitted,

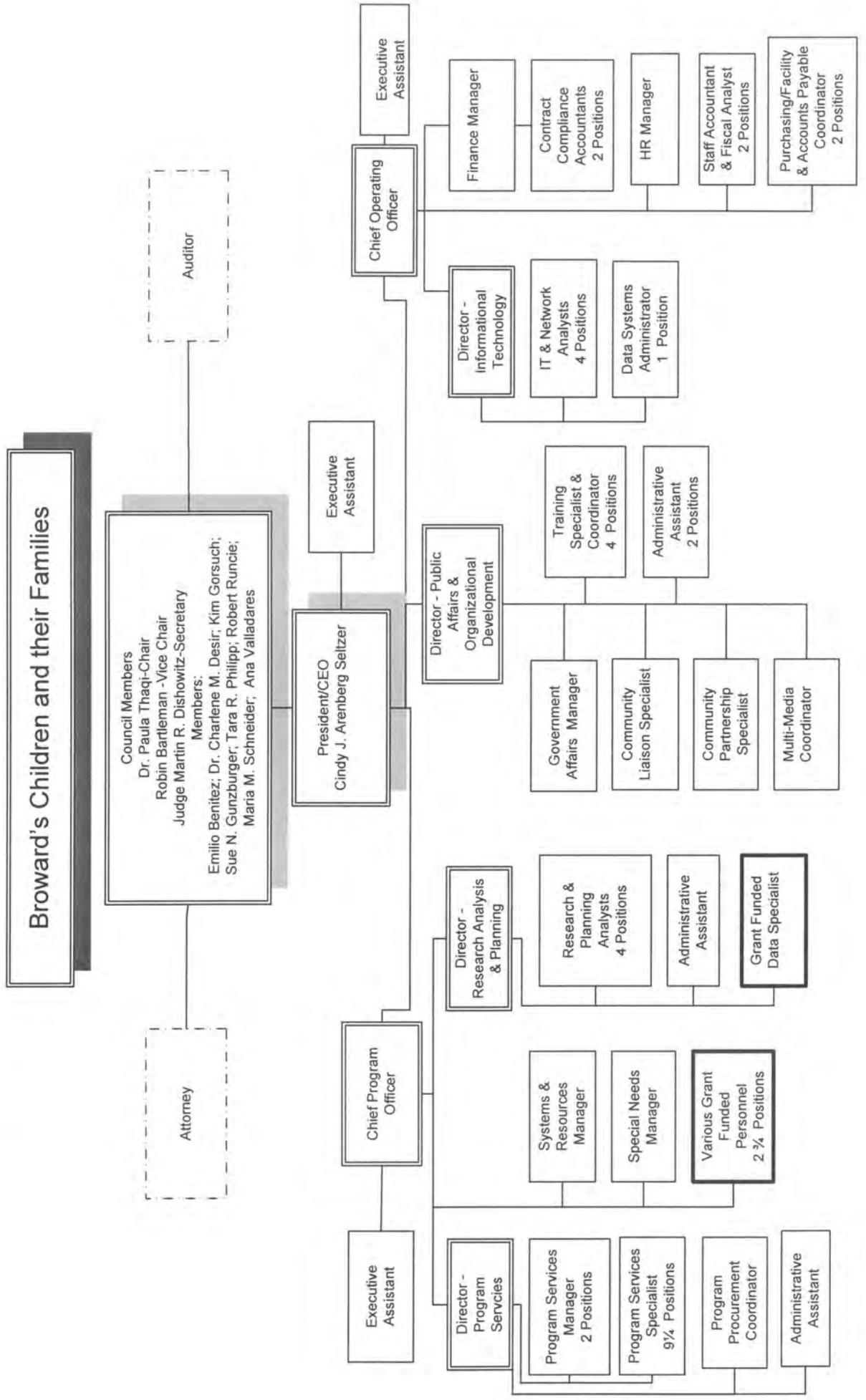

Cindy J. Arenberg Seltzer
President/CEO


Monti Larsen
Chief Operating Officer

Children's Services Council of Broward County

Organizational Chart and List of Principal Officials

Fiscal Year 2011-2012





Children's Services Council

of Broward County

Our Focus is Our Children.

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, 2011

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.



Christopher P. Moivell

President

Jeffrey R. Enow

Executive Director



Children's Services Council

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FINANCIAL SECTION



Children's Services Council
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INDEPENDENT AUDITORS' REPORT

**Honorable Members of the Council of
Children's Services Council of Broward County
Lauderhill, Florida**

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Children's Services Council of Broward County (the Council) as of and for the fiscal year ended September 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Council, as of September 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2013 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budget to actual comparisons and the schedule of funding progress for other post employment benefits on pages 3 through 23 and pages 60 through 65, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Council. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information identified in the table of contents as the introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Marcum LLP

Fort Lauderdale, FL
February 21, 2013

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2012

Our discussion and analysis of the Children's Services Council of Broward County ("Council") or ("CSC") financial performance provides an overview of the Council's financial activities for the fiscal year ended September 30, 2012. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 25.

FINANCIAL HIGHLIGHTS

Fiscal year ending September 30, 2012 concludes the Council's eleventh year of funding services that support children and families through programs emphasizing prevention. This report highlights how the Council provides leadership working with community partners and investing in evidence-based interventions and services for children and families throughout the County. Nearly 200 programs are delivered by 90 community organizations who share the Council's mission/vision, commitment to children and expectations for excellence.

Net assets decreased from the prior year by \$1.1 million primarily due to anticipated increased program expenditures. It is expected that net assets will decrease in subsequent years as the Council appropriates unrestricted dollars to ameliorate declining property values and state property tax reform restrictions on millage rate increases.

The following illustrates some of the Council's financial highlights for the year:

- ◆ Levied the roll-back rate of .4789 mills allowed by statute, a slight increase of 1.98% from the prior year's 0.4696 mills. The total tax revenue generated through the TRIM process was \$57.5 million, which was \$312,100 less than the prior year. The slight 0.5% decline was a hopeful sign as it meant less downward adjustments by the Value Adjustment Board. With the persistent economic downturn, the Council Members were very concerned about increasing taxes, all while balancing the increasing need for services.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$21 million (net assets). Of this amount, \$12.4 million (unrestricted net assets) may be used to meet the Council's ongoing obligations to Broward's children and their families.
- ◆ Comparing Fiscal Year 11 to Fiscal Year 12, the Council's total operating budget remained fairly flat; only increasing by 0.8% or

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2012

\$496,700. Nonetheless, this was regarded quite positively since the prior three years experienced reductions of \$4 million in the program budget. The Council is cautiously optimistic that this year's "flat budget" is a sign that the worst of the economic downturn has been resolved and much needed services can begin to be restored. While all programmatic goal areas were affected by past budget reductions, the Council was only able to restore a small portion of the budget for more intensive intervention programs within the Family Strengthening goal.

- ◆ The Council also appropriated over \$3.9 million of fund balance and budget carry-forward to help maintain a relatively stable budget. The Council has always used a portion of fund balance to help offset the effect on property tax rates. However, over the past three years of severe declines in property values, the Council has appropriated an average of \$3 million of fund balance per year to help offset the decline in property values so that much needed programs and services could continue. Moreover, all programs funded by the Council remain evidenced-based and continue to demonstrate strong performance outcomes.

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

- Out of school program expenditures for elementary age children who are economically disadvantaged and children with special behavioral, physical, or developmental needs decreased for the third straight year. The 4.51% decrease this past year was about the same as the prior year's reduction of over 4.33%. The result is that these out of school programs have been reduced by over \$1.6 million over the past four year period. These reductions mostly targeted teacher salaries, the amount of hours taught by a certified teacher and the number of field trips. These after school and summer programs serve low income, typically developing children attending highest need Title I schools and children with physical, developmental, sensory, learning and/or behavioral health conditions that disrupt daily functioning. Despite these reductions, the out of school programs remain the Council's largest funding commitment, representing 36% of the overall program budget.

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These programs are supported by impressive performance outcomes:

- 91% of students improved their reading skills;
- 87% of students improved their social skills;
- 88% of students improved their math skills over the summer; and
- 100% of students remained safe.

Services are provided at 126 school and community-based locations throughout the County, serving nearly 9,000 children in the general population, and 2,500 children with special needs.

- Services targeting mostly high risk middle school students, including youth with behavioral health and other special needs represents over \$3.8 million or 6.9% of the overall program budget. This is a challenging age group to keep engaged and the Youth FORCE programs do an excellent job of creating environments where youth can learn to make positive choices and develop skills that will serve them for life. During the course of the fiscal year, the Council released a Request for Proposal ("RFP") for Youth FORCE services effective with the new school year beginning August 2012. In order to build toward a proportionate balance with all age groups, the budget in this goal area increased \$500,000. This additional budget expanded the number of Youth FORCE providers from 8 to 13 and added five new middle school sites to serve 260 more youth, an increase of 26% over current programming. The new sites encompass the highest need middle schools as identified by the School District based on factors such as poverty, school grades, disciplinary actions, delinquency referral rates and unexcused absenteeism. Release of the new RFP provided an opportune time to enhance curricula and service components to better align with community's efforts to reduce violence for this teen population. The Youth FORCE programs that ended in August served about 1,400 youth at 8 sites throughout the county and demonstrated quite successful outcomes. For example, 91% reduced risky behaviors and 98% had no new law violations. The Council is looking forward to even better results next year with the new program enhancements.

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- To round out the school-based age continuum the Council, in partnership with the local School Board and the Florida Department of Education (FDOE), fund high school enrichment programs. The School Board and FDOE fund a 21st Century Community Learning Centers ("21st CCLC") grant for five low-performing high schools. Two years ago when FDOE funding sunsetted four of the original low performing high schools, the Council continued to provide a broad array of enrichment activities that support and complement student's regular academic programs, along with continued support for transportation and USDA snacks from the school district. The Council is one of only seven agencies nationwide that was able to sustain these very important programs. All of these high school programs provide structured academic support services that empower students to meet/exceed state accountability standards and graduation rates; opportunities for comprehensive educational outreach; cultural, recreational and enrichment activities to increase attendance, reduce drug/alcohol abuse, teen violence, and expose families to literacy and other needed community resources. The outcome results speak for themselves: 92% of youth improved reading grades; 88% improved math grades; 87% improved science grades; and 61% improved daily attendance.
- With the enduring difficult economic conditions and persistent high unemployment, it is often quite difficult for youth to find summer work opportunities. The Council funds the Summer Youth Employment Program ("SYEP") providing young people 16-18 years old who are economically disadvantaged or aging out of foster care the opportunity to improve their workplace skills with real job experience. The Council's \$1.5 million has remained level over the past two years and provided employment opportunities for 576 low income teens at 188 different job sites. Program attributes include a streamlined job placement process that considers job preference, proximity to the work site, transportation, work hours and background requirements in the job placement process. New enhancements this year also considered cultural diversity and ensuring youth being served in other CSC-funded programs were afforded the opportunity to participate. Program outcomes remain quite

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strong as 90% of youth successfully completed the program; 93% demonstrated employability and job skills proficiency; and 98% of employers reported satisfaction with the youth employees and overall program administration.

- The Council funds innovative programs that form a continuum of care for high school teens with physical and developmental disabilities. Supported Training and Employment Program ("STEP") programs help the youth to learn independence, social skills, daily living skills and provide the chance to explore career opportunities through hands on learning experiences. Once skills are mastered, youth are given the opportunity to demonstrate those new skills in various work environments. The STEP programs provided 230 young people with disabilities with job training and summer employment, supported by on-site professional "job coaches" at 32 worksites countywide. For the majority of youth, it is the first time they experienced the "workplace world" and an opportunity for independence. For the first time, many parents saw potential for independence for their children and employers saw the benefits for both the youth and business co-workers. Several youth have been able to successfully transition to a non-supported work environment after completing 1 or 2 summers in the program. Expenditures for this program were \$1.5 million or 2.8% of the Program budget which remained at level funding from the prior year.
- New Delinquency Alternatives for Youth or "New DAY," programs help young offenders with less serious law violations to be diverted from the juvenile justice system and learn a "life lesson" rather than be stigmatized by the justice system – a mark which carries into adulthood. This and other diversion programs total about \$3 million and comprise 5.4% of the overall program budget. The budget for these delinquency prevention programs has remained level over the past two years. New DAY programs served approximately 1,440 youth in fiscal year 2012. Over 88% of all youth referred by the State Attorney successfully completed all diversion requirements which typically include community service, apology letters and/or restitution to victims, counseling to give youth a second chance, curfews, etc. Of those youth, 85% decreased their risk factors and 94% have stayed out of trouble with the law for at

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least one year after program completion, a success rate significantly higher than state and national findings.

- The Council's steadfast commitment to reducing the incidence of child abuse and neglect within the community is supported by their 11 year funding commitment for Family Strengthening programs. In fact, this goal area was the very first Request for Proposal released within just months of the Council's beginning operations. Recognizing that hard economic times may lead to increases in abuse and neglect, the budget for Family Strengthening programs was increased by \$615,000 to meet the escalating needs of the community. This goal comprises 17% of the overall program budget for a total commitment of \$9.2 million.

Family Strengthening programs served nearly 3,000 families, a 9% increase from the prior year. At-risk and high-risk families receive intensive in-home family therapy, parent training, case management, relative caregiver support and other support services to prevent out-of-home placements. The Council works closely with a network of community partners involved in the child welfare system to coordinate resources, expedite service delivery and share case and resource information. Performance measures for these programs continue to demonstrate strong results: 96% of families did not receive a verified abuse report within 6 months of completion, 91% of participants demonstrated improved family functioning, and 93% demonstrated less parenting stress.

- The Council released five separate Requests for Proposals ("RFP"). These RFPs were to continue service and administrative initiatives that had exercised final renewal options and provided opportunities for new program elements or evidence-based practices identified through the Council's "lessons learned" approach to continuous quality improvement. The RFP's included: 1) Delinquency Prevention Programs, 2) Out of School Time Programs for general and special needs populations, 3) SPARK Fidelity Oversight for physical education programs associated with the Out of School sites, (4) Banking and (5) Auditing services.

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USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 25 and 27) 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 28. 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 33 – 57) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements, and is required by the United States Generally Accepted Accounting Principles ("GAAP"). This report also contains other required supplementary information in addition to the basic financial statements starting on page 60.

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

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

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

It is anticipated that net assets will decrease over the next few years as the Council continues to use fund balance to help offset declining and/or stagnant property values in the County which are the basis for tax revenue. As mentioned under the Financial Highlights section, property values have been declining for several years and are just now tittering on a slight recovery in some areas of the county. The foreclosure activity continues to affect the local economy, coupled with additional property tax exemptions and legislation that discourages governmental entities from increasing their millage rates to make up for the revenue loss.

The Council is responding very conservatively to the local economic environment; they did not raise the millage rate beyond the restricted limits. Rather, the Council set the FY 11/12 millage rate at the allowable "roll-back" rate. The South Florida area was deeply affected by the real estate slowdown with declining property values and persistently high foreclosure activity for this fiscal year with a very slow, gradual rebound over the next few years. Thus, the expected decrease of net assets in the next few years is not necessarily an indication of deteriorating financial health.

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or

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

While some funds are required to be established by State law, currently the Council uses the General Fund and Special Revenue Fund as defined by the Governmental Accounting Standards Board ("GASB") Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. These standards clarify how governments account for various transactions and are incorporated in these financial statements. Additionally, all governments are required to present consistent fund balance information which will improve financial reporting. More information on the fund balance categories and the respective amounts can be found in the Notes to the Financial Statements on page 54.

The General Fund is used to account for all financial resources except those required to be reported in another fund. The Special Revenue Fund is used to account for federal grants. Currently the Council has two grants for the Department of Education Twenty-First Century Community Learning Centers ("21st CCLC") program; one grant is awarded directly from Florida Department of Education ("FDOE") and a second, smaller grant is funded from FDOE through the Broward County School Board.

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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 60 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 33 - 57 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 comparisons and the schedule of funding progress – other postemployment benefits plan are found on pages 60 to 65 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 eleventh year of generating tax revenue, assets exceeded liabilities by approximately \$21 million at the close of the fiscal year.

As property values decrease and the Council's ability to increase its millage rate is constrained by State statute, it is anticipated that net assets will decrease over time and is not an indication of the Council's deteriorating financial condition. This current year there was a decrease of net assets as explained below.

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	CSC's Net Assets As of September 30,		
	FY 2012	FY 2011	Variance
Current Assets	\$ 19,915,977	\$ 20,145,096	\$ (229,119)
Capital Assets	8,504,223	8,806,970	(302,747)
Total Assets	<u>28,420,200</u>	<u>28,952,066</u>	<u>(531,866)</u>
Current and Other Liabilities	6,860,695	6,353,699	506,996
Long-Term Liabilities	616,947	581,991	34,956
Total Liabilities	<u>7,477,642</u>	<u>6,935,690</u>	<u>541,952</u>
Net Assets:			
Invested in Capital Assets	8,504,223	8,806,970	(302,747)
Unrestricted	12,438,335	13,209,406	(771,071)
Total Net Assets	<u>\$ 20,942,558</u>	<u>\$ 22,016,376</u>	<u>\$ (1,073,818)</u>

- ◆ The change in current assets from FY 2011 to FY 2012 was due primarily to two factors which net to a slight decrease of \$229,000. The details include the spending down of cash and investments as budgeted, and an increase in Due from Other Governments. The latter stems primarily from the 21st Century Learning Center Grants as well as other smaller grants from Title IVE for adoption assistance and foster care.
- ◆ Investments in capital assets decreased by \$302,700 from the prior year. This overall decrease stemmed from a reduction of purchases, as well as several items classified within the building, furniture and computer equipment line items that were coming off the schedule per their life cycle. However, there was an increase within Intangible Assets.

Several years ago, the Council implemented GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*, which requires all intangible assets to be classified as capital assets. It was determined that staff's development of various E-learning courses qualified as an intangible work in progress asset. This current year, \$11,125 was reclassified as Intangible Assets from Work-in-Progress ("WIP") with \$107,509 remaining in WIP. It is anticipated that these courses will be completed and released in the subsequent fiscal year and depreciated as appropriate.

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Total depreciation expense was \$432,350, of which \$226,892 was building related, \$55,847 was for Intangible E-learning courses and \$149,611 was for computer hardware and software; and furniture and equipment.

- ◆ The current and other liabilities category is comprised primarily of accounts payable, which increased by \$507,000, and is chiefly due to the timing of provider invoices for September services. The long-term liabilities category reflects a \$35,000 increase for compensated absences that may be paid in the future and Other Post-Employment Benefits (OPEB) for eligible retirees for health insurance "implicit subsidy" premiums.
- ◆ Unrestricted net assets decreased \$771,000 from the prior year as explained above. This anticipated reduction of net assets allowed programs to continue operations through the economic downturn. Furthermore, \$748,000 of programmatic and administrative initiatives that began in the current fiscal year will be carried forward into the subsequent fiscal year and an additional \$2.5 million of unrestricted net assets are committed to on-going contracts in the upcoming fiscal year.
- ◆ With respect to debt, the Council is prohibited, per Florida State Statute, from issuing any type of debt instrument including the issuance of bonds of any nature.

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

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

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Variance</u>
Revenues:			
Property Taxes	\$ 57,483,644	\$ 57,795,765	\$ (312,121)
Investment Earnings	152,865	111,354	41,511
Other	1,870,472	3,332,028	(1,461,556)
Total Revenues	<u>59,506,981</u>	<u>61,239,147</u>	<u>(1,732,166)</u>
Expenses:			
Program Services	56,575,542	55,730,417	845,125
General Administration	2,325,671	2,461,139	(135,468)
Tax Collector and Community Redevelopment Fees	1,679,586	1,762,748	(83,162)
Total Expenses	<u>60,580,799</u>	<u>59,954,304</u>	<u>626,495</u>
Increase (Decrease) in Net Assets	(1,073,818)	1,284,843	(2,358,661)
Net Assets - Beginning of Year	<u>22,016,376</u>	<u>20,731,533</u>	<u>1,284,843</u>
Net Assets - End of Year	<u>\$ 20,942,558</u>	<u>\$ 22,016,376</u>	<u>\$ (1,073,818)</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2012, property taxes were fairly flat, declining slightly by \$312,000 from the prior year. In order to generate the necessary property tax revenues, the millage rate slightly increased by 1.98% from the previous year's 0.4696 mills to 0.4789 mills which was considered the roll-back rate allowed by statute. Florida has been deeply affected by the mortgage crisis and multiple years of declining countywide property values. Although the Council is authorized to levy up to .5 mills, they were quite concerned with any millage rate increases and the effect on taxpayers. The Council continued using fund balance in order to not reduce the much needed services to meet the identified needs for Broward County's children and their families in these hard economic times.
- ◆ **Investment earnings** totaled \$152,865 in fiscal year 2012, which is a fairly significant increase of 37% from the prior year. However, most of this increase is due to the gain on the investments in Fund B with the Florida Local Government Funds Surplus Trust Fund. The total amount of

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Investment Earnings is comprised of two distinct balances; 1) interest from general cash and investments and 2) investment earnings related to Fund B with the Florida Local Government Funds Surplus Trust Fund. Actual interest earnings only slightly increased from the prior year by \$5,844 for a total of \$57,803 due to marginally higher interest rates. The Council earns interest revenues by placing idle cash with the Florida Local Government Funds Surplus Trust Fund and Wells Fargo Advantage Funds, in accordance with the Council's investment policy. The gain on the investments in Fund B with the Florida Local Government Funds Surplus Trust Fund was considerable more than the prior year and it continues to recognize steady gains. The gain in investments for Fund B went from a rather small gain of \$59,395 in fiscal year 2011 to a larger gain on investments of \$95,062 in fiscal year 2012.

- ◆ **Other revenue** includes grants, training registration and miscellaneous revenue and for the current year equals \$986,710, a significant decrease of \$2,073,934 from the prior year. The decrease primarily stems from a one-time grant from the Department of Children and Families which allowed the Council to drawdown up to \$2.3 million in federal reimbursement through the TANF Emergency Contingency Fund. Last year, the Council Members voted to not appropriate those one-time funds, but rather saved the windfall within fund balance to help offset future anticipated declines in property values. Other variances within this category stem from several different sources as noted below.

Within this classification includes \$343,500 from various federal through state grants related to the 21st Century Community Learning Centers grant, Federal Title IV-E Foster Care and Adoption Programs through an agreement with State of Florida Department of Children and Families, and Medicaid for Targeted Case Management services.

Additional Other Revenue sources total \$568,800 in which the sources include partnerships with local foundations, a pass-through Collaborative Agreement with other Statewide CSC's, several community initiatives such as a Back-to-School Backpack drive wherein contributions were collected, training registration fees, and various small miscellaneous revenues.

- ◆ **Expenses for Program Services** and related administration totaled \$56.6 million in fiscal year 2012, a minimal increase of 1.5% or \$845,100 from fiscal year 2011. Of this \$845,100 increase in Program Services, \$612,400 or 72% is the result of a 21st CCLC Grant from Florida Department of Education. However, there was a small upturn within Program Services of

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\$232,700 or .4% which marks the first increase after two consecutive years of programmatic decreases due to lower ad valorem tax revenue. The additional programmatic funds helped return a small portion of the budget reductions made last year within the Family Strengthening programs.

While the total budget for Program Services remained fairly flat, the funded agencies continue to fully utilize their contracts (as described on page 19), thus demonstrating a thorough programmatic reach. As the graph on the following page illustrates, 93.4% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 88.36% are directly contracted to local service providers.

- ◆ **Expenses for General Administration** totaled \$2.3 million in fiscal year 2012, an overall decrease of \$135,468 or 5.5% from fiscal year 2011. This is the second straight year of administrative decreases for a cumulative total of \$342,800. Moreover, general administrative costs only represent 3.84% of the overall expenses, which demonstrates the Council's fiscal prudence, a very resourceful staff and effective use of technology. The Council's focus continues to be providing services throughout the community with minimal administration costs. The Community Redevelopment and Tax Collector fees, discussed below, make up the remaining 2.76% of the administrative expense. The General and Administrative decreases for fiscal year 2012 stem from fewer purchases of new servers and other capital equipment, salary/benefit lapse, as well as insurance savings.
- ◆ **Tax Collector and Community Redevelopment fees** for fiscal year 2012 decreased overall by 4.7% or \$83,200 for a total of \$1,679,586. The Community Redevelopment fees declined by \$101,600 or 7.1% due to the declining property values within those specific areas of the county. The Tax Collector fees are based on the operating budget of the Property Appraisers Office and are allocated among the taxing districts. These fees increased 5.56% or \$18,400 from the prior year.

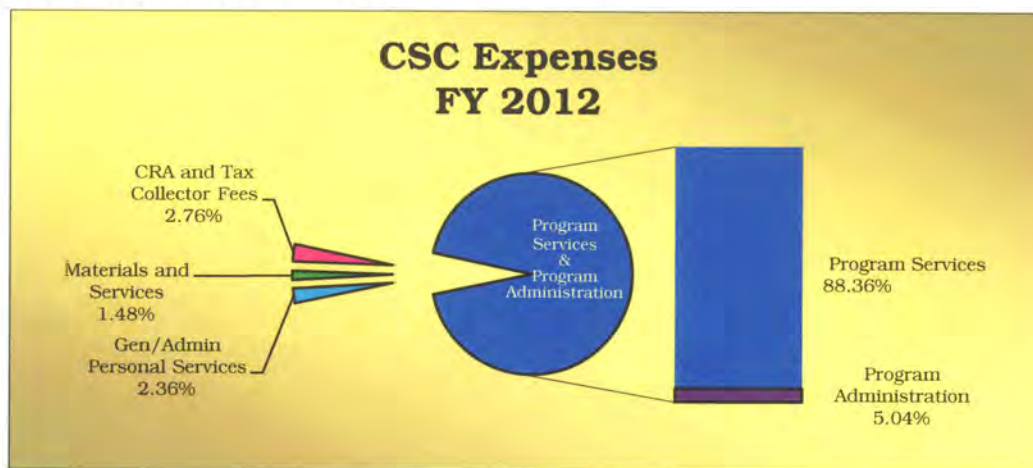
The Community Redevelopment Agency (CRA) tax increment fees are tied to the increased incremental property tax values in specific areas, as well as the Council's established millage rate. Generally throughout the county, the decline in property values has slowed somewhat and in some areas it is slowly ticking upward; however, some of the CRA districts have not seen this upward trend and property values continue to maintain or decline in these specific areas. In those districts wherein the Council and the CRA have formed a partnership, \$862,800 or 38.8% of the total CRA fees were used in programs and services for children in lieu of fees. These successful

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collaborations between the Council and many of the CRA Districts have been able to place programs and services for children in these targeted communities. Additionally, the Council continues to negotiate with the few remaining CRA's in an ongoing effort to dedicate this funding for children's services in those respective areas.

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2012.



Analysis below separately considers the operations of governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its eleventh year of operations, the governmental funds (as presented in the balance sheet on page 28) reported a total fund balance of \$13.1 million. The fund balance categories, revised to enhance the usefulness of this information, are presented in accordance of Governmental Accounting Standards Board ("GASB") Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and are fully described in the Notes to the Financial Statements on page 54.

- ◆ **Fund balance** decreased a total of \$735,600 from the prior year. The primary reason for this decrease stemmed from an anticipated spending down of the fund balance as budgeted. Additionally, fund balance included \$98,174 Non-Spendable funds for prepaid expenditures.

Given this era of greater need and the limitations on raising property taxes, the Council assigned a portion of fund balance in order to maintain services

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for children and their families. Accordingly, \$2.5 million is Assigned for Subsequent Year's Budget for fiscal year 2012-13. Additionally, \$747,891 of fund balance is assigned for various purchases in next fiscal year. Within Unassigned Fund Balance, the Council voted to maintain a minimum balance of 8%-10% of budgeted operating expenditures or \$5.9 million to manage cash in-flows and out-flows until tax revenue is received since the Council is prohibited of issuing short-term debt instruments such as RAN (Revenue Anticipation Notes) or TAN (Tax Anticipation Notes). This minimum amount is based on best practices as outlined by the Government Finance Officers Association (GFOA). This leaves a remaining Unassigned fund balance of \$3.8 million.

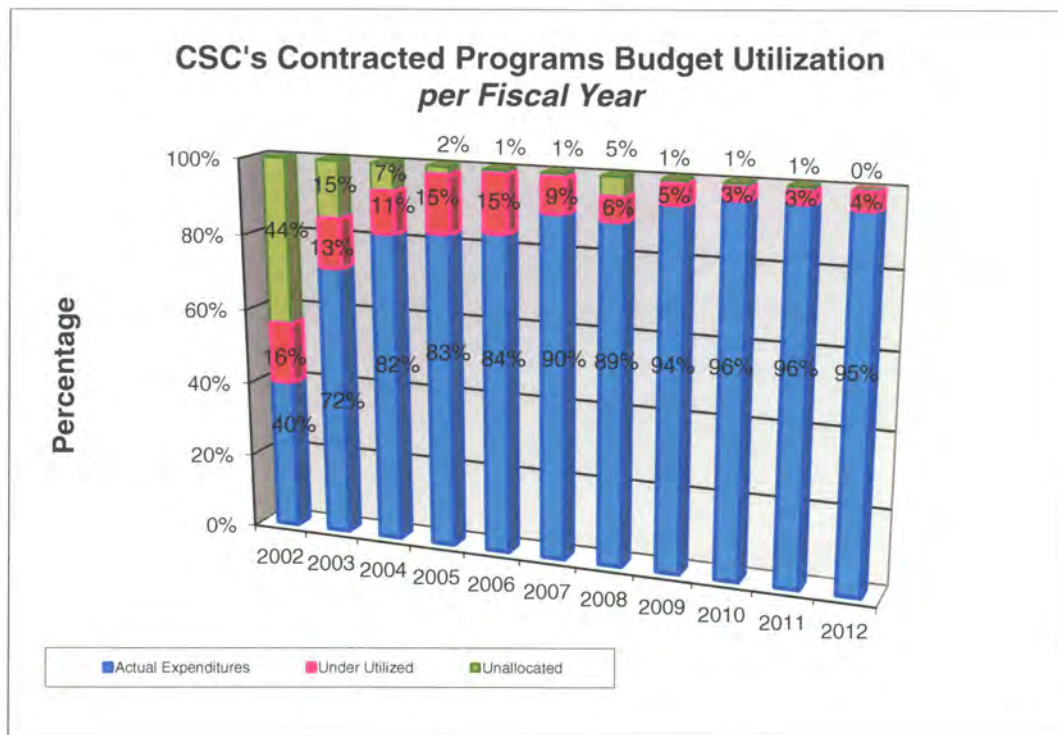
- ◆ **Budget amendments** are prepared over the course of the year allocating appropriations from one line item to another to prevent budget overruns. Actual charges (expenditures) to appropriations (budget) were \$3.3 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$2.6 million) occurred in Program Services reflected in the Council's General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual found on pages 60-61. This variance is due to several factors related to programs and services. To illustrate:
 - For most contracts, the Council requires that service provider's invoice be based on "units of service", not reimbursement of expenses. Consequently, if a provider does not provide all of the services that were anticipated, the contract is under-utilized. This method of invoicing allows the Council to only pay for services actually provided. The Council monitors utilization throughout the year and continues to work closely with those providers to help them provide the services and, therefore, utilize the available funds. The budget variance affected by under-utilization of the contracts is 4% or \$2.4 million.
 - The budget for FY 12 included approximately \$152,000 that was not allocated to any specific program but may be appropriated in the subsequent fiscal year. Because the local economic condition is unstable, the Council purposefully left these funds unallocated to prepare for the drop in available revenues.
 - The budget variance for Program Administration was \$313,500 and was primarily salary/benefit lapse, which is the direct result of administrative efficiencies and scrupulous accountability. General

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Administration budget variances totaled \$244,800 and was also primarily from salary/benefit lapse, further demonstrating fiscal judiciousness throughout the Organization. Additionally, there were \$123,300 budget variances related to Capital Outlay mostly due to computer hardware and software purchases not being finalized by fiscal year-end.

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



Alternatively, resources available for appropriation (revenues) were \$33,000 less than the final budgeted amount. This negative variance is the result of not collecting all of the ad valorem tax revenues.

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OTHER ASSETS and OTHER OBLIGATIONS

At the end of fiscal year 2012, the Council had \$10.7 million invested in capital assets including land, building and related infrastructure, as well as computer hardware and software. More detailed information about the Council's policies concerning capital assets is presented in Notes 2 and 7 of the Notes to the Financial Statements.

As presented in Note 14 of the Notes to the Financial Statements, the Council purchases commercial insurance for property and casualty claims. Other obligations include accrued vacation pay and sick leave and OPEB. More detailed information about the Council's long-term liabilities is presented in Notes 8 and 9 of the Notes to the Financial Statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET and TAX RATES

The Council Members considered many factors when setting the fiscal-year 2013 budget and tax rates. Council Members continue to be very cautious in setting the tax rate, weighing their desire to meet the expanding need for services against declining property values and voter concern about property tax rates. The Council is also mindful of the present fund balance, the .5 mill maximum tax levy and pressures in the local economy related to the continued high unemployment rates and foreclosures.

Broward County is the second most populous county in the state and comprises 31 different municipalities within an urban/suburban setting. A snapshot of the local economy presents a complex mix of economic indicators wherein some experts think that the local housing market has "bottomed out" and will slowly begin to trend up. Nonetheless, the local housing market and the unemployment rates continue to be major factors in the local economy and dominate the economic landscape.

While there are mixed indicators when assessing Broward County's housing sector, there are some hopeful signs for a slight recovery within the next few years. New foreclosures in Broward County finally leveled out to "only" a 4% increase in 2012 from 2011. Total foreclosures for 2012 were 10,557, which was welcome news since foreclosure rates between the years of 2008-2010 were as high as nearly 30% annual increases. Because of the high foreclosures for the past several years and the fact that it takes more than 2 years for a foreclosure to work its way through the system, property values were relentlessly affected. Economists project that property values should level off and slightly rebound in 2013.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis

September 30, 2012

Unemployment in Broward County as of September 2012 decreased to 7.6% down from 9.3% at the same time last year. Further, the local unemployment data is noticeably lower than the State's unemployment rate of 8.7% while just slightly lower than the national rate of 7.8%. While the housing woes of the past few years have contributed to the high unemployment rates with construction jobs and jobs directly related to the real estate market, various business leaders throughout the County are working together to diversify the workforce into other sectors such as technology and hospitality to bring more jobs to the community.

Some welcome economic news was that the inflation rate decreased from 3.5% last year to a rate of 2.0% for the same time period within the greater Fort Lauderdale/Miami region. Inflation tends to run higher in this region; however, this past year it mirrored the national city average of 2.0%. Cost of living tends to be much higher in this region due in part to the high cost of property insurance because of the vulnerability of hurricanes (although there has not been a major storm in the area for seven years).

At present, Council goals and objectives are shaped using the County-wide Children's Strategic Plan, input from the community and staff. The budget is then developed around those identified service and system needs. Another factor the Council weighs when setting the budget are adjustments made by the Value Adjustment Board (VAB). The VAB hears the appeals from property owners who contest their property values. Fortunately these decisions from the VAB did not result in material reductions as in years past, another positive sign that perhaps the worst of the property value declines are behind us.

The Council members voted to appropriate \$2.5 million of fund balance, coupled with \$747,891 of budget carry forward in the subsequent fiscal year. This carry forward, allowed the Council members to maintain most of the on-going programs with only a slight 2.36% increase in the millage rate to 0.4902 mills for the upcoming 2012-2013 fiscal year.

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Management's Discussion and Analysis
September 30, 2012**

REQUESTS FOR INFORMATION

This financial report has been designed to provide Broward County's citizens, taxpayers and providers with a general overview of CSC's finances and to show CSC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Operating Officer at 6600 W Commercial Blvd., Lauderdale, Florida 33319 or visit the Council's website at: www.cscbroward.org.



Children's Services Council

of Broward County

Our Focus is Our Children.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Net Assets
September 30, 2012

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 3,451,172
Investments	15,860,905
Accounts and Interest Receivable	26,625
Due From Other Governments	477,056
Prepaid Expenses	100,219
Total Current Assets	19,915,977
Other Assets:	
Capital Assets, Not Being Depreciated:	
Land	2,500,000
Intangibles - Work In Progress	107,509
Capital Assets, Net of Accumulated Depreciation:	
Building and Related Infrastructure	5,618,372
Intangible Assets (E-learning)	100,123
Computer Hardware/Software	99,511
Furniture and Equipment	78,708
Total Capital Assets, Net	8,504,223
Total Assets	28,420,200
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	6,801,605
Due To Other Governments	9,820
Unearned Revenue	125
Expected to be paid within one year:	
Compensated Absences	49,145
Total Current Liabilities	6,860,695
Noncurrent Liabilities:	
Expected to be paid after one year:	
Compensated Absences	442,309
Net OPEB Obligation	174,638
Total Noncurrent Liabilities	616,947
Total Liabilities	7,477,642
NET ASSETS	
Invested in Capital Assets	8,504,223
Unrestricted	12,438,335
Total Net Assets	\$ 20,942,558

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



Children's Services Council

of Broward County

Our Focus is Our Children.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Activities
For the Year Ended September 30, 2012

	Governmental Activities
Expenses:	
Program Services:	
Program Services	\$ 53,530,318
Program Administration	3,045,224
Total Program Services	56,575,542
General Administration:	
Personal Services	1,428,134
Materials and Services	897,537
Community Redevelopment and Tax Collector Fees	1,679,586
Total General Administration	4,005,257
Total Expenses	60,580,799
Program Revenue:	
Grant Funding, Restricted	883,762
Net Program Expense	59,697,037
General Revenues:	
Property Taxes	57,483,644
Investment Earnings	152,865
Grant Funding, Unrestricted	343,463
Miscellaneous Local	643,247
Total General Revenues	58,623,219
Change in Net Assets	(1,073,818)
Net Assets - Beginning of the Year	22,016,376
Net Assets - End of the Year	\$ 20,942,558

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, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Current Assets:			
Cash	\$ 3,443,237	\$ 7,935	\$ 3,451,172
Investments	15,860,905	-	15,860,905
Accounts and Interest Receivable	26,625	-	26,625
Due From Other Governments	114,910	362,146	477,056
Due From Other Fund	317,943	-	317,943
Prepaid Expenditures	98,174	2,045	100,219
Total Assets	<u>\$ 19,861,794</u>	<u>\$ 372,126</u>	<u>\$ 20,233,920</u>
LIABILITIES and FUND BALANCE			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 6,747,422	\$ 54,183	\$ 6,801,605
Due To Other Governments	9,820	-	9,820
Deferred Revenue	125	-	125
Due to Other Fund	-	317,943	317,943
Total Liabilities	<u>6,757,367</u>	<u>372,126</u>	<u>7,129,493</u>
Fund Balance:			
Nonspendable Fund Balance	98,174	-	98,174
Assigned Fund Balance	3,247,891	-	3,247,891
Unassigned Fund Balance	9,758,362	-	9,758,362
Total Fund Balance	<u>13,104,427</u>	<u>-</u>	<u>13,104,427</u>
Total Liabilities and Fund Balance	<u>\$ 19,861,794</u>	<u>\$ 372,126</u>	<u>\$ 20,233,920</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, 2012

Fund Balance - Total Governmental Funds (page 28)	\$ 13,104,427
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Governmental capital assets	\$ 10,708,231	
Less accumulated depreciation	<u>(2,204,008)</u>	8,504,223

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

Compensated absences	(491,454)
Net OPEB Obligation	(174,638)

Net Assets of Governmental Activities (page 25)	<u><u>\$ 20,942,558</u></u>
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Notes to the Financial Statements are an integral part of this statement

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Revenues, Expenditures and
Changes In Fund Balance - Governmental Funds
For the Year Ended September 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 57,483,644	\$ -	\$ 57,483,644
Grant Funding	343,463	883,762	1,227,225
Investment Earnings	152,865	-	152,865
Miscellaneous Local	643,246	-	643,246
Total Revenues	<u>58,623,218</u>	<u>883,762</u>	<u>59,506,980</u>
Expenditures:			
Program Services:			
Program Services	52,670,469	806,467	53,476,936
Monitoring/Outcome Materials	53,382	-	53,382
Total Program Services	<u>52,723,851</u>	<u>806,467</u>	<u>53,530,318</u>
Program Administration:			
Employee Salaries and Benefits	2,866,496	60,936	2,927,432
Other Consultants	1,750	-	1,750
Material and Supplies	5,252	1,360	6,612
Printing and Advertising	8,038	-	8,038
Software Maintenance	38,197	-	38,197
Travel and Other Expenditures	29,823	14,999	44,822
Total Program Administration	<u>2,949,556</u>	<u>77,295</u>	<u>3,026,851</u>
General Administration:			
Employee Salaries and Benefits	1,422,600	-	1,422,600
Legal Fees	19,645	-	19,645
Auditors and Other Consultants	42,553	-	42,553
Materials and Supplies	27,906	-	27,906
Printing and Advertising	6,717	-	6,717
Other General Administration	268,556	-	268,556
Telecommunications	40,705	-	40,705
Travel and Other Expenditures	119,859	-	119,859
Tax Collection Fees	350,041	-	350,041
Community Redevelopment Area Fees	1,329,546	-	1,329,546
Total General Administration	<u>3,628,128</u>	<u>-</u>	<u>3,628,128</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Revenues, Expenditures and
Changes In Fund Balance - Governmental Funds
For the Year Ended September 30, 2012, (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Capital Outlay:			
Computer Hardware/Software	41,606	-	41,606
Furniture/ Equipment	15,697	-	15,697
Total Capital Outlay	<u>57,303</u>	<u>-</u>	<u>57,303</u>
Total Expenditures	<u>59,358,838</u>	<u>883,762</u>	<u>60,242,600</u>
Net Change in Fund Balance	(735,620)	-	(735,620)
Beginning Fund Balance	<u>13,840,047</u>	<u>-</u>	<u>13,840,047</u>
Ending Fund Balance	<u>\$ 13,104,427</u>	<u>\$ -</u>	<u>\$ 13,104,427</u>

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance
of Governmental Funds to the
Statement of Activities
For the Year Ended September 30, 2012

Net Change in Fund Balance		
Total Governmental Funds (page 31)	\$	(735,620)

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which depreciation expense exceeded capital outlay.

Expenditures for capital assets	\$	129,603	
Less current year depreciation		<u>(432,350)</u>	(302,747)

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		(4,959)
Change in OPEB Obligation		<u>(30,492)</u>
Change in Net Assets of Governmental Activities (page 27)	\$	<u><u>(1,073,818)</u></u>

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, 2012

1. DESCRIPTION OF THE CHILDREN'S SERVICES COUNCIL

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

a. Reporting Entity, (Continued)

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

b. Government-wide and Fund Financial Statements

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

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

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

c. Fund Balance

The Council follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides defined fund balance classifications to report on the nature and extent to which the Council is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

c. Fund Balance (Continued)

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – amounts that are not in spendable form (such as prepaid items) or are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by formal action of the Council itself, using its highest level of decision making authority (i.e., the Council Members) through Resolution or Issue Paper. To be reported as committed, amounts cannot be used for any other purpose unless the Council Members take the same highest level action (i.e., Resolution or Issue Paper) to remove or change the constraint.
- *Assigned Fund Balance* – amounts the Council intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the Executive Committee or by an official or body which the Council Members delegated the authority at their direction.
- *Unassigned Fund Balance* – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the Council considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Council Members or its delegated official or body has provided otherwise in its commitment or assignment actions.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

c. Fund Balance (Continued)

Minimum Fund Balance Policy

In the General Fund, the Council strives to maintain a minimum unassigned fund balance of 8%-10% of the budgeted operating expenditures. This minimum amount is required to manage cash in-flows and out-flows until tax revenue is received since the Council is prohibited from issuing short-term debt instruments such as RAN (Revenue Anticipation Notes) or TAN (Tax Anticipation Notes).

This policy strives to maintain additional unassigned fund balance liquidity to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures, maintain reserves due to the vulnerability of being located in a hurricane zone, and other unforeseen events. Additional amounts are to be determined each year by the Council during the budget process.

d. Measurement Focus and Basis of Accounting

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

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

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

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

e. Major Funds

The Council reports the following governmental funds:

- *General Fund* is the Council's primary operating fund. It accounts for all financial resources of the Council not accounted for in another fund.
- *Special Revenue Fund* accounts for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes. This includes a federal grant from the Department of Education-Twenty-First Century Community Learning Centers ("21st CCLC").

f. Budgets and Budgetary Accounting

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

g. Cash and Investments

The Council utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Florida Statutes authorize a variety of investment mechanisms and the Council follows this best practice by diversifying its investments between the Local Government Surplus Funds Trust Fund and Wells Fargo Advantage Funds.

The Local Government Surplus Funds Trust Fund is a state pool managed by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. In order to accommodate pool participants with readily available cash, a substantial portion of the portfolio is placed in short-term securities ("Florida PRIME") and with the downgrade of certain subprime investments held by the fund several years ago, a smaller portion of the pool includes longer maturities and higher credit risk ("Fund B").

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

g. Cash and Investments, (Continued)

According to the SBA, the pool follows GASB Statement No. 31 which outlines two options for accounting and reporting for money market investment pools as either "2a-7 like fund" or fluctuating net asset value ("NAV"). Accordingly, the Council's investment in the Florida PRIME is reported at amortized cost and therefore, the fair value of the position in the pool is equal to the value of the pool shares (constant \$1.00 per share).

Fund B does not meet the requirements of a SEC 2a-7 like fund and is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

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

Wells Fargo Funds Management, LLC is a wholly owned subsidiary of Wells Fargo & Company, providing investment advisory and administrative services for *Wells Fargo Advantage Funds*. Much of this portfolio is in 2a-7 like pools, an investment policy that is consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The two Council money market funds are: 1) Heritage Money Market Fund and 2) Municipal Cash Management Money Market Fund are included in this group.

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

h. Inventory and Prepaid Items

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

i. Encumbrances

Encumbrance accounting is utilized as an extension of the formal budgetary process to reflect the estimated amount of future expenditures arising from the issuance of purchase orders, contracts or other forms of legal commitments existing at year-end which will be paid in the future. Encumbrances lapse at year-end; however, the succeeding year's budget provides for the re-appropriation of certain year-end encumbrances. These "open" encumbrances are included in the Assigned Fund Balance at fiscal year-end in accordance with their spending constraint. Encumbrances do not constitute expenditures or liabilities since goods and services are not yet received.

j. Capital Assets

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

Maintenance, repairs and minor renovations are not capitalized. Expenditures that materially increase values or extend useful lives are capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Computer Hardware/Software	3
Intangible Assets (E-learning Courses)	3
Furniture and Equipment	5
Building Infrastructure	20
Building	30

Depreciation expense is reflected in the financial statements in accordance with GASB Statement No. 34 requirements for capital assets greater than \$5,000. Thus, program related expenditures include depreciation expense in Program Administration. For the General Administration category, depreciation expense is included in Materials and Services. Per Florida State Statutes as well as for internal control purposes, assets with a historical cost greater than \$1,000 are tagged and tracked in the capital assets system.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

k. Compensated Absences

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

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

The liability for all accrued vacation and vested sick leave benefits is recorded in the government-wide financial statements.

l. Use of Estimates

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

m. Unearned Revenue/ Deferred Revenue

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. New Accounting Pronouncements

GASB Statement No. 57 – In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to generally address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The provisions of this Statement are effective for fiscal year ending September 30, 2012. Currently the Council does not participate in an agent multiple-employer Other Post-Employment Benefit (“OPEB”) plan and does not use the alternative measurement method; therefore, as of year-end, the Council is not affected by this Statement.

GASB Statement No. 60 — In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The provisions of this Statement will be effective for the fiscal year ending September 30, 2013. Currently, the Council is not directly affected by this statement.

GASB Statement No. 61 - In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also clarifies the reporting of equity interests in legally separate organizations. The provisions of this Statement will be effective for the fiscal year ending September 30, 2013. Currently, the Council is not directly affected by this statement.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. *New Accounting Pronouncements, (Continued)*

GASB Statement No. 62 - In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; and 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The provisions of this Statement will be effective for the fiscal year ending September 30, 2013.

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. *New Accounting Pronouncements, (Continued)*

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

GASB Statement No. 65 - In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflow of resources or inflow of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflow of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this Statement will be effective for the fiscal year ending September 30, 2014.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

n. *New Accounting Pronouncements, (Continued)*

GASB Statement No. 66 - In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012- an amendment of GASB Statements No. 10 & No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The provisions of this Statement will be effective for the fiscal year ending September 30, 2014.

3. DEPOSITS AND INVESTMENTS

Statement of Policy

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

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

Deposits

Florida statutes authorize the deposit of the Council funds in demand deposits or time deposits of financial institutions approved by the State Treasurer, defined as qualified public depositories. Pursuant to Chapter 280, Florida Statutes, the State Treasurer requires Qualified Public Depositories ("QPD") to deposit with the Treasurer or other banking institution, eligible collateral. In the event of a failure, the remaining public depositories would be responsible for covering any losses. All bank balances of the Council are held in a QPD. As of September 30, 2012, the carrying amount of the Council's deposits was \$3,451,172 with a bank balance of \$3,619,522. The Council's deposits at year end are considered insured and collateralized for custodial credit risk purposes.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2012**

3. DEPOSITS AND INVESTMENTS, (Continued)

Investments

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

Cash and investments as of September 30, 2012 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
	<u>\$</u>		<u>\$</u>
Cash Deposits	3,451,172	-	3,451,172
Investments with the SBA:			
Florida PRIME	7,338,275	39.3 days	7,338,275
Fund B, net of unrealized loss	369,055	4.08 years	369,055
Wells Fargo Investments:			
Heritage Money Market Fund	3,576,212	31 days	3,576,212
Municipal Cash Management Money Market Fund	<u>4,577,363</u>	37 days	<u>4,577,363</u>
Total Investments	<u>15,860,905</u>		<u>15,860,905</u>
Total Cash and Investments	<u>\$ 19,312,077</u>		<u>\$ 19,312,077</u>

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Council's investment policy limits its investments to high quality investments to control credit risk. For liquidity purposes as well as to control risk, all of the Council's operating investments for fiscal year 2012 were invested with the SBA and Wells Fargo Advantage Funds. The SBA Florida PRIME investment pool and the Heritage Money Market Fund held by Wells Fargo Advantage Funds are AAAM rated by Standard and Poors. The Municipal Cash Management Money Market Fund held by Wells Fargo Advantage Funds is rated AAAMmf by Fitch Ratings, Ltd. These ratings are the highest creditworthiness rates given by the national agencies. In addition, investments into all these funds are consistent with SEC rule 2a-7. The SBA Fund B is not rated by any nationally recognized statistical rating agency.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2012**

3. DEPOSITS AND INVESTMENTS, (Continued)

Interest Rate Risk

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

4. RECEIVABLES AND PAYABLES

Accounts and Interest Receivable at September 30, 2012 consists of the following:

	General Fund
Medicaid Billings	\$ 24,438
Other	1,447
Registration Fees	740
Total Accounts Receivable	<u>\$ 26,625</u>

Accounts Payable and Accrued Liabilities as of September 30, 2012 consists of the following:

	General Fund	Special Revenue Fund	Total Governmental Funds
Funded Providers	\$ 6,488,766	\$ 52,338	\$ 6,541,104
Administrative	244,489	1,145	245,634
Professional Services & Other	14,167	700	14,867
Total Accounts Payable and Accrued Liabilities	<u>\$ 6,747,422</u>	<u>\$ 54,183</u>	<u>\$ 6,801,605</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2012**

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at September 30, 2012 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 317,943	\$ -
Special Revenue Fund	-	317,943
Total	<u>\$ 317,943</u>	<u>\$ 317,943</u>

The purpose of these transactions is to account for salaries and wages payable between the governmental funds, as well as the temporary borrowing between the 21st CCLC grant in the Special Revenue Fund and the General Fund.

6. PROPERTY TAXES

The Council is permitted by Florida Statutes to levy taxes up to 0.5 mills per \$1,000 of assessed valuation. The rate levied for the Council for fiscal year 2012 was 0.4789 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, 2012 upon which the fiscal year 2012 levy was based, was approximately \$126 billion. The Council increased the millage rate up to the "Roll Back Rate" by 0.0093 mills or 1.98% for fiscal year 2011/12.

Florida laws restrict millage rate increases that a government may levy. In addition to additional exemptions for most homeowners, a four percent discount is also allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the Council based on the amount of receipts reported by the County Tax Collector. There was no property taxes receivable from the tax collector at September 30, 2012.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2012**

7. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2011	Additions	Deletions	Balance at Sept 30, 2012
Capital Assets:				
Capital Assets Not Depreciated:				
Land	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Intangibles-Work in Progress	45,499	73,135	(11,125)	107,509
Capital Assets Depreciated:				
Building	6,047,681	-	-	6,047,681
Building Infrastructure	252,905	8,851	-	261,756
Computer Hardware/Software	1,257,472	47,617	-	1,305,089
Intangible Assets (E-learning)	157,336	11,125	-	168,461
Furniture and Equipment	317,735	-	-	317,735
Total Capital Assets	<u>10,578,628</u>	<u>140,728</u>	<u>(11,125)</u>	<u>10,708,231</u>
Less Accumulated Depreciation:				
Building	438,844	213,989	-	652,833
Building Infrastructure	25,329	12,903	-	38,232
Computer Hardware/Software	1,112,344	93,234	-	1,205,578
Intangible Assets e-learning	12,491	55,847	-	68,338
Furniture and Equipment	182,650	56,377	-	239,027
Total Accumulated Depreciation	<u>1,771,658</u>	<u>432,350</u>	<u>-</u>	<u>2,204,008</u>
Capital Assets, Net	<u>\$ 8,806,970</u>	<u>\$ (291,622)</u>	<u>\$ (11,125)</u>	<u>\$ 8,504,223</u>

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

Program Administration	\$ 101,260
General Administration	<u>331,090</u>
Total Depreciation Expense	<u>\$ 432,350</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2012**

7. CAPITAL ASSETS ACTIVITY, (Continued)

In order to properly account for Intangible Assets, the Council implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. These Intangible Assets are comprised of costs associated with the internal development of software for e-learning courses. Once the development stage is final, these e-learning courses are available for the child serving community to further their training opportunities. During fiscal year 2012 there were two courses completed and a total of \$11,125 was moved from Work in Progress to Capital Assets. Work in Progress is comprised of salary and fringe benefits for a total of \$107,509 and includes thirteen e-learning courses in various stages of development.

8. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for fiscal year ended September 30, 2012:

	Beginning Balance Oct 1, 2011	Increases	Decreases	Ending Balance Sept 30, 2012	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 456,300	\$ 269,809	\$ (263,848)	\$ 462,261	\$ 46,226
Sick Leave Accrual	30,195	95,976	(96,978)	29,193	2,919
Net OPEB Obligation	144,146	30,492	-	174,638	-
Total Long Term Liabilities	\$ 630,641	\$ 396,277	\$ (360,826)	\$ 666,092	\$ 49,145

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

9. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS

GASB Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* ("OPEB") established accounting standards for postretirement benefits. The standard does not require funding of OPEB expense, but any difference between the annual required contribution ("ARC") and the amount funded during the year is required to be recorded in the employer's Statement of Net Assets as an increase (or decrease) in the Net OPEB obligation. Recognition of the liability accumulated for prior years is phased in over 30 years, commencing with the 2009 liability. The Council obtained an actuarial valuation in accordance with the standards of the Statement.

Plan Description and Funding Policy

Employees who retire from the Council and their dependents are eligible to continue to participate ("single employer plan") in the Council's health insurance, life insurance, and long term care benefits currently offered through the Council at the "blended" employee group rate, which is determined annually by the Council. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date. Life insurance and long-term care benefits are portable and the retiree must pay premiums to the carrier directly. As of September 30, 2012 there are no participating retirees in the group health program.

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2012**

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

Funded Status and Annual OPEB Cost

The annual OPEB cost for the Council for the current year and the related information is as follows:

Required Contribution Rates:		
Employer		Pay-as-you-go
Plan Members		N/A
Development of ARC:		
Employer Normal Cost	\$ 24,261	
Amortization of Accrued Liability	5,216	
Annual OPEB Cost	<u>29,477</u>	
Adjustment for Timing	1,179	
Annual Required Contribution	<u>30,656</u>	
Interest on Net OPEB Obligation (NOO)	5,766	
NOO Amortization adjustment to the ARC	(4,997)	
Annual OPEB Cost	<u>31,425</u>	
Estimated Annual Employer Contribution (pay-as-you-go)	(933)	
Change in Net OPEB Obligation	30,492	
Net OPEB Obligation - Beginning of Year	<u>144,146</u>	
Net OPEB Obligation - End of Year	<u>\$ 174,638</u>	

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2012 and two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2010	\$ 59,000	0.0%	\$ 115,900
9/30/2011	\$ 29,115	3.0%	\$ 144,146
9/30/2012	\$ 31,425	3.0%	\$ 174,638

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

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

The funded status of the plan as of October 1, 2011 was as follows:

Actuarial Accrued Liability	\$ 156,472
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 156,472
Funded Ratio	0%
Covered Payroll	\$ 3,312,629
UAAL as a percentage of covered payroll	4.7%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the Council are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as Required Supplementary Information, is designed to provide multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the Council and the plan members at that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce the short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for the valuation are as follows:

Measurement Date	October 1, 2011
Actuarial Cost Method	Projected Unit Credit
Amortized Method	Level Percent of Payroll, Open Period
Amortized Period	30 years
Asset Valuation Method	Market Value

Actuarial Assumptions:

Inflation Rate	3.0%
Investment Rate of Return	4.00% annual return
Healthcare Cost Trend Rate	7.4%
Payroll Growth	4.0% per year

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2012**

10. COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Council is committed under various operating leases for office equipment. Lease expenditures for office equipment for the year ended September 30, 2012 amounted to approximately \$21,200. Future minimum base lease payments for these leases are approximately as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Minimum Equipment Lease Payment</u>
2013	\$ 11,640
2014	2,124
Thereafter	1,062
	<u>\$ 14,826</u>

Encumbrances:

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2012 that will be re-appropriated in the subsequent year are as follows:

General Fund:	
Program Services	\$ 308,186
Program Administration	133,699
General Administration	<u>306,006</u>
Total Encumbrances	<u>\$ 747,891</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2012

11. GRANT FUNDING

Funding agreements for various grants are entered into on an annual basis. The release of funds is subject to terms and deliverables agreed upon with the grantor agencies. Program expenditures made by the Council are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. As of September 30, 2012 the Council reported \$1,227,226 in grant funding, including state matching funds amounting to \$125,631 from the State of Florida Department of Children and Families. The State matching funds are not subject to Florida Single Audit. Reference should be made to the Schedule of Expenditures of Federal Awards (which is outside the basic Financial Statements).

Certain funding arrangements require the Council to provide additional services on a specified matching basis. In all such contract arrangements, the Council has met its matching requirements. Matching requirements fulfilled are as follows:

<u>Grantor/Program</u>	<u>Year</u>	<u>Grant Number</u>	<u>Match Amount</u>
Department of Education Pass through School Board of Broward County, FL 21st Century Community Learning Centers	2012	---	\$ 175,194

12. FUND BALANCE

The Council implemented GASB No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances (Note 2) are classified as follows:

- *Nonspendable Fund Balance* – amounts that are not in spendable form or are legally or contractually required to be maintained intact. The Council classified \$98,174 of prepaid items as Nonspendable since these items are not expected to be converted to cash.
- *Restricted Fund Balance* – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation. The Council does not have any Restricted Fund Balance.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

12. FUND BALANCE, (Continued)

- *Committed Fund Balance* – amounts constrained to specific purposes by the formal action of the Council itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Council Members takes the same highest level action (i.e., Resolution or Issue Paper) to remove or change the constraint. The Council does not have any Committed Fund Balance.
- *Assigned Fund Balance* – amounts the Council intends to use for a specific purpose but are neither restricted nor committed. Intent can be expressed by the Council Members or by an official or body to which the Council Members delegates authority. The Council has a total of \$3,247,891 in Assigned Fund Balance which can be further classified in two categories: Assigned for Outstanding Encumbrances and Assigned for Subsequent Year's Budget. The encumbrances include \$308,186 for various programmatic goals in the subsequent year, while the remaining \$439,705 of encumbrances is for program and general administration. The second category of Assigned Fund Balance is \$2.5 million for programmatic purposes appropriated in the subsequent year's budget to offset additional ad valorem taxes.
- *Unassigned Fund Balance* – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. Positive amounts are only reported in the General Fund. The Council adopted a minimum fund balance policy to be used for unanticipated emergencies of approximately 8% to 10% of the budgeted expenditures. This minimum amount of Unassigned Fund Balance is \$5,985,150. The remaining Unassigned Fund Balance is \$3,773,212.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

13. RETIREMENT PLANS

a. Defined Benefit Plan

Plan Description: The Council contributes to the Florida Retirement System ("FRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida legislature established FRS under Chapter 121, Florida Statutes, and has the sole authority to amend benefit provisions. Each year FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000 or online at www.myfrs.com.

Funding Policy: Beginning July 2011, employees were mandated to contribute 3% towards the cost of their retirement. Employer FRS rates were 5.18% for regular employees, 5.44% for DROP employees and 6.30% for senior management of annual covered payroll for the fiscal year. The Council contributions to FRS for the fiscal year ending September 30, 2012, 2011 and 2010 were \$267,778, \$ 343,053, and \$341,066 respectively, equal to the required contribution.

b. Defined Contribution Plan

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The Plan is available to all full-time employees and permits them to defer a portion of their salary. Under the provisions of IRC Section 457, all assets and income are managed by a third party administrator with no relationship to the Council. Accordingly, the assets and liabilities of the Plan are not included in the Council's financial statements.

14. INSURANCE ACTIVITIES

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2012

14. INSURANCE ACTIVITIES, (Continued)

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

15. CONTINGENCY

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



Children's Services Council

of Broward County

Our Focus is Our Children.



**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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Ad Valorem Taxes	\$ 57,760,960	\$ 57,760,960	\$ 57,483,644	\$ (277,316)
Grant Funding	300,000	300,000	343,463	43,463
Investment Earnings	50,000	50,000	152,865	102,865
Miscellaneous Local	475,251	545,356	643,246	97,890
Total Revenues	58,586,211	58,656,316	58,623,218	(33,098)
Expenditures:				
Program Services:				
Program Services	55,210,834	55,280,939	52,670,469	2,610,470
Monitoring/Outcome Materials	70,000	70,000	53,382	16,618
Total Program Services	55,280,834	55,350,939	52,723,851	2,627,088
Program Administration:				
Employee Salaries and Benefits	3,156,759	3,156,759	2,866,496	290,263
Other Consultants	8,000	8,000	1,750	6,250
Material and Supplies	8,005	6,724	5,252	1,472
Printing and Advertising	6,000	11,539	8,038	3,501
Software Maintenance	32,886	45,253	38,197	7,056
Travel and Other Expenditures	35,970	34,760	29,823	4,937
Total Program Administration	3,247,620	3,263,035	2,949,556	313,479
General Administration:				
Employee Salaries and Benefits	1,515,807	1,515,807	1,422,600	93,207
Legal Fees	30,000	30,000	19,645	10,355
Auditors and Other Consultants	51,700	74,700	42,553	32,147
Materials and Supplies	46,013	44,384	27,906	16,478
Printing and Advertising	17,027	13,976	6,717	7,259
Other General Administration	368,316	295,521	268,556	26,965
Telecommunications	54,000	54,000	40,705	13,295
Travel and Other Expenditures	137,319	141,799	119,859	21,940
Tax Collection Fees	371,139	371,139	350,041	21,098
Community Redevelopment Area Fees	1,353,286	1,331,619	1,329,546	2,073
Total General Administration	3,944,607	3,872,945	3,628,128	244,817

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, 2012, (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Capital Outlay:				
Computer Hardware/Software	108,279	162,227	41,606	120,621
Furniture/ Equipment	14,600	16,899	15,697	1,202
Building Related Expenditures	1,500	1,500	-	1,500
Total Capital Outlay	<u>124,379</u>	<u>180,626</u>	<u>57,303</u>	<u>123,323</u>
Total Expenditures	<u>62,597,440</u>	<u>62,667,545</u>	<u>59,358,838</u>	<u>3,308,707</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,011,229)</u>	<u>\$ (4,011,229)</u>	<u>(735,620)</u>	<u>\$ 3,275,609</u>
Beginning Fund Balance			<u>13,840,047</u>	
Ending Fund Balance			<u>\$ 13,104,427</u>	

NOTE: GAAP serves as the budgetary basis.



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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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Local Sources:				
Grant Funding	\$ 212,620	\$ 1,009,083	\$ 883,762	(125,321)
Expenditures:				
Program Services:				
Program Services	197,520	902,775	806,467	96,308
Program Administration:				
Employee Salaries and Benefits	12,100	73,959	60,936	13,023
Material and Supplies	-	-	1,360	(1,360)
Travel and Other Expenditures	3,000	32,349	14,999	17,350
Total Program Administration	15,100	106,308	77,295	29,013
Total Expenditures	212,620	1,009,083	883,762	125,321
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	-	\$ -
Beginning Fund Balance			-	
Ending Fund Balance			\$ -	

NOTE: GAAP serves as the budgetary basis.



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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2011	\$ -	\$ 156,472	\$ 156,472	0%	\$ 3,312,629	4.7%
10/1/2010	\$ -	\$ 128,178	\$ 128,178	0%	\$ 3,185,220	4.0%
10/1/2009	\$ -	\$ 214,900	\$ 214,900	0%	\$ 3,016,237	7.1%
10/1/2008	\$ -	\$ 214,900	\$ 214,900	0%	\$ 3,109,249 *	6.9%

* 2011/12 Covered payroll is based on 2010/11 increased with payroll growth assumption (4.0% annually).



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STATISTICAL SECTION





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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Comprehensive Annual Financial Report
For The Year Ended September 30, 2012**

**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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Demographic and Economic Information

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

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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 Ten Fiscal Years
(accrual basis of accounting)

Governmental Activities

<u>Fiscal Year</u>	<u>Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Total primary government net assets</u>
2003	225,615	17,733,143	17,958,758
2004	315,583	19,110,453	19,426,036
2005	297,277	19,864,141	20,161,418
2006	339,718	22,799,558	23,139,276
2007	307,042	25,943,740	26,250,782
2008	225,220	25,288,416	25,513,636
2009	8,768,661	13,461,197	22,229,858
2010	9,057,982	11,673,551	20,731,533
2011	8,806,970	13,209,406	22,016,376
2012	8,504,223	12,438,335	20,942,558



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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental activities:				
Program Services:				
Program Services	\$ 25,678,518	\$ 33,876,243	\$ 42,804,585	\$ 47,995,906
Program Administration	1,036,741	1,216,230	1,803,292	2,498,185
Total Program Services	<u>26,715,259</u>	<u>35,092,473</u>	<u>44,607,877</u>	<u>50,494,091</u>
General Administration:				
Personal Services	900,264	1,099,004	1,262,444	1,186,658
Materials and Services	409,273	997,069	879,637	902,565
Community Redevelopment and Tax Collector Fees	670,149	907,649	642,575	845,973
Total General Administration	<u>1,979,686</u>	<u>3,003,722</u>	<u>2,784,656</u>	<u>2,935,196</u>
Total primary government expenses	<u>28,694,945</u>	<u>38,096,195</u>	<u>47,392,533</u>	<u>53,429,287</u>
Program Revenues				
Governmental activities:				
Grant Funding, Restricted	464,306	589,892	665,235	628,192
Total primary government program revenue	<u>464,306</u>	<u>589,892</u>	<u>665,235</u>	<u>628,192</u>
Net (Expense)/Revenue				
Total primary government net expense	<u>\$ 28,230,639</u>	<u>\$ 37,506,303</u>	<u>\$ 46,727,298</u>	<u>\$ 52,801,095</u>
General Revenues & Other Changes in Net Assets				
Governmental activities:				
Property Taxes	\$ 28,840,883	\$ 38,323,485	\$ 46,299,021	\$ 53,589,647
Investment Earnings	431,398	439,573	1,145,141	2,119,135
Grant Funding, Unrestricted	-	-	-	-
Miscellaneous	143,393	210,523	18,518	70,171
Total primary government	<u>\$ 29,415,674</u>	<u>\$ 38,973,581</u>	<u>\$ 47,462,680</u>	<u>\$ 55,778,953</u>
Changes in Net Assets				
Total primary government	<u>\$ 1,185,035</u>	<u>\$ 1,467,278</u>	<u>\$ 735,382</u>	<u>\$ 2,977,858</u>

Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 55,166,003	\$ 56,378,547	\$ 57,163,373	\$ 56,101,645	\$ 52,760,094	\$ 53,530,318
2,678,691	3,107,866	3,187,482	2,849,711	2,970,323	3,045,224
<u>57,844,694</u>	<u>59,486,413</u>	<u>60,350,855</u>	<u>58,951,356</u>	<u>55,730,417</u>	<u>56,575,542</u>
1,283,242	1,430,511	1,477,411	1,391,696	1,489,677	1,428,134
1,022,516	917,920	843,657	1,276,812	971,462	897,537
<u>1,593,271</u>	<u>1,555,588</u>	<u>1,818,312</u>	<u>1,809,845</u>	<u>1,762,748</u>	<u>1,679,586</u>
<u>3,899,029</u>	<u>3,904,019</u>	<u>4,139,380</u>	<u>4,478,353</u>	<u>4,223,887</u>	<u>4,005,257</u>
<u>61,743,723</u>	<u>63,390,432</u>	<u>64,490,235</u>	<u>\$ 63,429,709</u>	<u>\$ 59,954,304</u>	<u>\$ 60,580,799</u>
342,861	939,901	501,488	\$ 651,736	\$ 271,384	\$ 883,762
<u>342,861</u>	<u>939,901</u>	<u>501,488</u>	<u>\$ 651,736</u>	<u>\$ 271,384</u>	<u>\$ 883,762</u>
<u>\$ 61,400,862</u>	<u>\$ 62,450,531</u>	<u>\$ 63,988,747</u>	<u>\$ 62,777,973</u>	<u>\$ 59,682,920</u>	<u>\$ 59,697,037</u>
\$ 61,533,409	\$ 60,092,171	\$ 59,990,448	\$ 60,094,059	\$ 57,795,765	\$ 57,483,644
2,672,542	1,095,569	153,990	280,193	111,354	152,865
223,277	213,830	113,760	308,530	2,572,867	343,463
83,140	311,815	446,771	596,866	487,777	643,247
<u>\$ 64,512,368</u>	<u>\$ 61,713,385</u>	<u>\$ 60,704,969</u>	<u>\$ 61,279,648</u>	<u>\$ 60,967,763</u>	<u>\$ 58,623,219</u>
<u>\$ 3,111,506</u>	<u>\$ (737,146)</u>	<u>\$ (3,283,778)</u>	<u>\$ (1,498,325)</u>	<u>\$ 1,284,843</u>	<u>\$ (1,073,818)</u>

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

(modified accrual basis of accounting)

Fiscal Year	<u>General Fund</u>					
	Reserved	Unreserved	Nonspendable Fund Balance	Assigned Fund Balance	Unassigned Fund Balance	Total General Fund
2003	\$ 37,505	\$ 17,835,062	\$ -	\$ -	\$ -	\$ 17,872,567
2004	259,860	19,049,326	-	-	-	19,309,186
2005	64,992	20,079,936	-	-	-	20,144,928
2006	126,932	22,995,179	-	-	-	23,122,111
2007	8,120,402	18,160,095	-	-	-	26,280,497
2008	8,104,426	17,551,403	-	-	-	25,655,829
2009	331,036	13,616,430	-	-	-	13,947,466
2010*	-	-	101,035	3,153,445	8,972,980	12,227,460
2011			95,387	3,936,835	9,807,825	13,840,047
2012			98,174	3,247,891	9,758,362	13,104,427

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

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



Children's Services Council

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

(modified accrual basis of accounting)

	Fiscal			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Ad Valorem Taxes	\$ 28,840,883	\$ 38,323,485	\$ 46,299,021	\$ 53,589,647
Investment Earnings	431,398	439,573	1,145,141	2,119,135
Miscellaneous Local	115,356	113,405	18,518	70,171
In-Kind Local Match	50,807	111,683	-	-
Grant Funding	2,464,306	589,892	665,235	628,192
Total revenues	<u>31,902,750</u>	<u>39,578,038</u>	<u>48,127,915</u>	<u>56,407,145</u>
Expenditures				
Program Services	25,678,518	33,876,243	42,804,585	47,907,137
Program Administration	938,475	1,236,521	1,723,257	2,549,839
General Administration	1,945,524	2,599,655	2,599,145	2,761,954
Capital Outlay	55,022	429,000	165,186	211,032
Total expenditures	<u>28,617,539</u>	<u>38,141,419</u>	<u>47,292,173</u>	<u>53,429,962</u>
Net change in fund balance	<u>\$ 3,285,211</u>	<u>\$ 1,436,619</u>	<u>\$ 835,742</u>	<u>\$ 2,977,183</u>

Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 61,533,409	\$ 60,092,171	\$ 59,990,448	\$ 60,094,059	\$ 57,795,765	\$ 57,483,644
2,672,542	1,095,569	153,990	280,193	111,354	152,865
83,140	311,815	446,771	609,860	487,777	643,246
-	-	-	-	-	-
566,138	1,153,731	615,248	947,272	2,844,251	1,227,225
<u>64,855,229</u>	<u>62,653,286</u>	<u>61,206,457</u>	<u>61,931,384</u>	<u>61,239,147</u>	<u>59,506,980</u>
55,166,003	56,378,547	57,163,373	56,101,645	52,760,094	53,530,318
2,676,428	3,071,449	3,080,541	2,891,720	2,957,356	3,026,851
3,723,834	3,792,495	3,968,377	3,889,604	3,773,091	3,628,128
130,578	35,463	8,702,529	768,421	136,019	57,303
<u>61,696,843</u>	<u>63,277,954</u>	<u>72,914,820</u>	<u>63,651,390</u>	<u>59,626,560</u>	<u>60,242,600</u>
<u>\$ 3,158,386</u>	<u>\$ (624,668)</u>	<u>\$ (11,708,363)</u>	<u>\$ (1,720,006)</u>	<u>\$ 1,612,587</u>	<u>\$ (735,620)</u>

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

(In thousands of dollars)

Fiscal Year Ended September 30.	Residential Property	Commercial Property	Industrial Property	Other (1)
2003	84,483,132	15,311,316	5,146,783	9,347,071
2004	83,640,748	18,072,551	5,844,902	8,522,724
2005	93,673,843	19,555,418	6,607,839	9,203,728
2006	142,888,132	21,198,170	7,370,441	10,686,687
2007	182,713,021	24,031,519	8,423,168	13,151,614
2008	202,323,501	27,470,156	8,981,128	17,485,296
2009	184,410,028	28,944,454	9,889,097	18,069,720
2010	142,046,400	29,497,054	10,102,234	19,167,866
2011	114,761,706	28,197,014	9,407,282	20,617,810
2012	114,542,886	26,163,726	8,662,382	21,167,178

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.

Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Council Tax Rate (2)
28,960,208	85,328,094	0.3316
36,898,837	79,182,088	0.3920
44,300,477	84,740,351	0.4231
56,409,847	125,733,583	0.4231
77,339,278	150,980,044	0.4073
86,689,663	169,570,418	0.3572
79,667,920	161,645,379	0.3754
59,245,911	141,567,643	0.4243
38,422,067	134,561,745	0.4696
38,094,078	132,442,094	0.4789

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

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

Fiscal Year	Council			Overlapping Rates (a)		
	Basic Direct Rate	Debt Service Rate	Total Rate	Broward County (a)	School Board of Broward County	South Florida Water Management District
2003	0.3316	-	0.3316	7.3650	8.8825	0.6970
2004	0.3920	-	0.3920	7.1880	8.4179	0.6970
2005	0.4231	-	0.4231	7.0230	8.2695	0.6970
2006	0.4231	-	0.4231	6.7830	8.0623	0.6970
2007	0.4073	-	0.4073	6.0661	7.8687	0.6970
2008	0.3572	-	0.3572	5.2868	7.6484	0.6240
2009	0.3754	-	0.3754	5.3145	7.4170	0.6240
2010	0.4243	-	0.4243	5.3889	7.4310	0.6240
2011	0.4696	-	0.4696	5.5530	7.6310	0.6240
2012	0.4789	-	0.4789	5.5530	7.4180	0.4363

Source: Broward County Revenue Collection Division

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

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



Children's Services Council

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

Taxpayer	2003		
	Taxes Levied	Rank	Percent to Aggregate Taxes Levied
Florida Power & Light Company	\$ 29,025	1	1.19%
BellSouth Corporation	19,500	2	0.80%
Diplomat Properties	11,289	3	0.46%
Sunrise Mills, LTD	7,152	4	0.29%
AT&T Communications	3,350	5	0.14%
Wheelabrator South Broward, Inc	3,282	6	0.13%
Wheelabrator North Broward, Inc	3,150	7	0.13%
AT&T Broadband	2,670	8	0.11%
City of Fort Lauderdale			
Pembroke Lakes Mall LTD			
Northwestern Mutual Life	2,617	9	0.11%
Marriott Ownership Resorts Inc	2,408	10	0.10%
City National Bank of Florida			
SPUSV5 Pembroke Pines LLC			
Orange Bowl Eastern III LLC			
Harbor Beach Property LLC			
Total principal taxpayers	<u>\$ 84,443</u>		<u>3.46%</u>

Source: Broward County Revenue Collector

2012

Taxes Levied	Rank	Percent to Aggregate Taxes Levied
\$ 35,472	1	1.18%
9,040	2	0.30%
5,474	5	0.18%
8,061	3	0.27%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
2,901	8	0.10%
2,962	7	0.10%
-	-	0.00%
-	-	0.00%
6,930	4	0.23%
3,449	6	0.12%
2,687	9	0.09%
2,536	10	0.08%
<u>\$ 79,512</u>		<u>2.65%</u>

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	30,659,841	28,785,876	93.9%	172,182
2004	40,758,917	38,225,214	93.8%	123,246
2005	48,808,266	46,168,199	94.6%	139,931
2006	56,341,477	53,444,968	94.9%	211,117
2007	64,634,697	61,401,903	95.0%	248,651
2008	63,240,600	59,925,176	94.8%	366,518
2009	63,145,444	59,597,697	94.4%	603,112
2010	63,430,596	59,406,863	93.7%	357,665
2011	61,318,170	57,368,232	93.6%	(54,825)
2012	60,801,037	57,457,936	94.5%	-

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

Total Collections to Date

Amount	Percentage of Levy
28,958,058	94.4%
38,348,460	94.1%
46,308,130	94.9%
53,656,085	95.2%
61,650,554	95.4%
60,291,694	95.3%
60,200,809	95.3%
59,764,528	94.2%
57,313,407	93.5%
57,457,936	94.5%

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

Year	Population (1)	Personal Income (thousands) (2)	Per Capita Personal Income (2)	Median Age (3)
2003	1,698,425	56,254,396	32,739	37.9
2004	1,723,131	60,331,477	34,680	38.0
2005	1,740,987	66,091,223	37,473	38.1
2006	1,753,162	69,718,514	39,511	39.0
2007	1,765,707	71,994,871	41,169	39.0
2008	1,758,494	73,590,969	41,974	39.6
2009	1,744,590	72,752,112	41,185	38.5
2010	1,748,066	72,092,767	41,146	39.6
2011	1,780,172	76,133,577	42,768	39.7
2012	N/A	N/A	N/A	N/A

Source:

- (1) US Department of Commerce, Bureau of the Census
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) US Census Bureau, American Community Survey (ACS)
- (4) School Board of Broward County
- (5) U.S. Department of Labor, Bureau of Labor Statistics

N/A Not Available

**Public School
Enrollment (4)**

266,272
271,339
272,691
270,935
262,616
258,905
255,738
255,203
256,872
258,803

**Unemployment
Rate (5)**

5.30%
4.30%
3.50%
3.10%
3.80%
6.10%
9.80%
9.70%
9.30%
7.60%

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

2003

Employer (1)	Employees (1)	Rank	Percentage of Total County Employment (2)
Broward School Board*	36,853	1	4.3%
Memorial Healthcare System*	7,981	2	0.9%
Broward County Government*	7,108	3	0.8%
N. Broward Hospital District*	6,543	4	0.8%
American Express	6,300	5	0.7%
Spherion	4,000	6	0.5%
Motorola	3,000	7	0.3%
Holy Cross Hospital	2,800	8	0.3%
Nova Southeastern	2,760	9	0.3%
Spirit Airlines	2,700	10	0.3%
Total	80,045		9.2%

* Includes both full time and part time employees

Sources:

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

2012

Employer (1)	Employees (1)	Rank	Percentage of Total County Employment (2)
Broward School Board*	26,000	1	2.8%
Broward County Government*	11,055	2	1.2%
Memorial Healthcare System*	10,900	3	1.2%
Broward Health*	8,190	4	0.9%
Nova Southeastern	4,013	5	0.4%
American Express	3,000	6	0.3%
The Answer Group	2,800	7	0.3%
Kaplan Higher Education	2,500	8	0.3%
Interbond Corp. of America dba BrandsMart USA	2,000	9	0.2%
Alorica	2,000	10	0.2%
Total	72,458		7.8%

* Includes both full time and part time employees

Source:

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

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

Full-time Equivalent Employees as of September 30,	Contract Administration	General Administration	Grand Total
2003	16	9	25
2004	25	13	38
2005	31	13	44
2006	34	14	48
2007	37	15	52
2008	38	15	53
2009	38	15	53
2010	38	16	54
2011	37	16	53
2012	41	16	57

Source: Children's Services Council, Finance Administration

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

Utilization

Contract/Program Services		Amount Under Contract	Actual Expenditures	Under- utilized	Unallocated
Fiscal Year	(a)	(b)	(c)	(d)	
2003	85%	72%	13%	15%	
2004	93%	82%	11%	7%	
2005	98%	83%	15%	2%	
2006	99%	84%	15%	1%	
2007	99%	90%	9%	1%	
2008	95%	89%	6%	5%	
2009	99%	94%	5%	1%	
2010	99%	96%	3%	1%	
2011	99%	96%	3%	1%	
2012	99%	95%	4%	1%	

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

General Fund Total Expenditures as a percentage of revenues

Fiscal Year	Budget (e)	Actual (f)
2003	128%	90%
2004	121%	96%
2005	121%	98%
2006	114%	95%
2007	109%	95%
2008	111%	101%
2009	127%	119%
2010	108%	103%
2011	105%	97%
2012	107%	101%

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

Source: The Children's Services Council - Finance Administration

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Program Budget Indicators

Last Ten Fiscal Years

	Fiscal				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	Budget	Budget	Budget	Budget	Budget
Family Strengthening	5,106,997	7,266,421	9,654,398	9,316,780	9,392,012
Child Welfare/Adoption Promotion	1,856,197	966,288	644,457	502,773	666,560
Youth Development	750,000	1,747,575	3,858,414	4,073,174	6,828,797
Delinquency Prevention	2,000,000	2,939,373	3,262,796	3,487,923	3,260,657
Independent Living	300,000	500,000	499,878	524,117	1,109,043
Special Needs	1,668,347	2,649,182	6,121,192	11,666,528	12,879,440
Out of School Time	12,747,238	15,278,623	16,813,167	15,408,202	15,074,138
Early Child Education	5,000,000	5,776,000	6,000,000	6,064,002	6,629,269
Physical Health	3,172,270	1,554,816	1,799,815	1,941,460	2,313,520
System Goals	1,571,919	2,527,331	2,493,452	2,494,019	2,646,187
Unalloc	1,003,133	615,217	233,483	551,781	591,428
Administration	2,761,371	4,078,004	4,361,170	5,101,183	5,621,746
TOTAL	37,937,472	45,898,830	55,742,222	61,131,942	67,012,797

Source: Children's Services Council, Finance Administration

Year				
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Budget	Budget	Budget	Budget	Budget
12,037,427	11,402,429	12,369,120	11,279,033	11,894,698
322,620	135,000	135,000	135,000	135,000
7,667,084	6,667,236	6,981,814	5,969,318	6,105,422
3,379,521	2,854,521	2,904,521	2,964,398	2,988,398
1,433,144	1,351,756	1,325,000	1,575,000	1,575,000
11,568,884	12,331,063	9,994,748	9,930,834	9,735,281
12,639,864	13,981,899	12,821,033	11,937,672	12,060,942
6,509,108	6,566,390	7,260,000	6,764,045	6,682,700
2,909,150	2,921,080	2,173,077	2,002,631	1,951,276
2,480,838	2,037,043	1,928,863	1,963,019	2,161,593
1,663,982	54,848	75,331	202,241	60,629
5,948,494	5,541,337	6,153,840	5,636,761	5,539,454
68,560,116	65,844,602	64,122,347	60,359,952	60,890,393



Children's Services Council

of Broward County

Our Focus is Our Children.

INTERNAL CONTROLS & COMPLIANCE SECTION





Children's Services Council

of Broward County

Our Focus is Our Children.

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

**Honorable Members of Council
Children's Services Council of Broward County
Lauderhill, Florida**

We have audited the financial statements of the governmental activities and each major fund of the Children's Services Council of Broward County (the Council), as of and for the year ended September 30, 2012, which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Council, management, others within the Council, and regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Fort Lauderdale, FL
February 21, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

**Honorable Members of the Council
Children's Services Council of Broward County
Lauderhill, Florida**

Compliance

We have audited Children's Services Council of Broward County's (the Council) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Council's major federal program for the year ended September 30, 2012. The Council's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2012.

Internal Control over Compliance

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

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of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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 these specified parties.

Marcum LLP

Fort Lauderdale, FL
February 21, 2013

Children's Services Council of Broward County
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2012

Federal Agency, Pass-through Entity, Federal Program	CFDA Number	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
Federal Agency Name:				
Indirect Programs:				
Department of Education - Pass-through:				
The School Board of Broward County, Florida -				
21st Century Community Learning Centers	84.287	---	\$ 221,138	\$ 206,995
Florida Department of Education				
21st Century Community Learning Centers	84.287	12A-2442A-2P001 and 12A-2443A-3PCC1	662,624	599,471
Department of Health and Human Services - Pass-through:				
The State of Florida Department of Children and Families -				
Foster Care - Title IV-E	93.658	---	100,184	-
Adoption Assistance - Title IV-E	93.659	---	25,447	-
The State of Florida Department of Health and Human Services -				
Medical Assistance Program	93.778	---	<u>92,200</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,101,593</u>	<u>\$ 806,466</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of the Children's Services Council of Broward County (the Council) under programs of the federal government for the fiscal year ended September 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Council.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as a reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Council provided federal awards to subrecipients as follows:

CFDA	Program Name	Amount Provided to Subrecipients
84.287	21 st Century Community Learning Centers	\$ 806,466

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses?

____ Yes X None Reported

Non-compliance material to financial statements noted?

____ Yes X No

Federal Awards Programs

Internal control over major awards programs:

Material weakness(es) identified?

____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)?

____ Yes X None Reported

Type of auditor's report issued on compliance for major awards Programs:

Qualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?

____ Yes X No

Identification of major federal program:

Federal Program/Cluster

CFDA No.

21ST Century Community Learning Centers

84.287

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings in current year.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings in current year.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

PRIOR YEAR COMMENTS AND STATUS

The following addresses the status of the findings reported in the fiscal year ended September 30, 2011 schedule of findings and questioned costs:

FINANCIAL STATEMENT FINDINGS

No findings in prior year.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings in prior year.



Children's Services Council

of Broward County

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**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

**Honorable Members of Council
Children's Services Council of Broward County
Lauderhill, Florida**

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Children's Services Council of Broward County (the Council) as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated February 21, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and a Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 21, 2013 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2. Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Council complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Children's Services Council of Broward County is an independent special taxing district authorized under the Laws of Florida Chapter 2000-461 and incorporated on January 2, 2001. The Council does not have any component units. This information is also disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Council did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Council for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Council's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Fort Lauderdale, FL
February 21, 2013



Children's Services Council

of Broward County

Our Focus is Our Children.



MISSION

To provide the leadership, advocacy and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning and funding of a continuum of quality care.

VISION

The children of Broward County shall have the opportunity to realize their full potential, their hopes and their dreams, supported by a nurturing family and community.

Call Us: (954) 377-1000

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