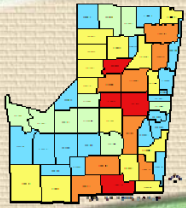




*Providing Positive Pathways
for Children and Families*



Comprehensive Annual Financial Report For Fiscal Year Ending September 30, 2013

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

Council Members



Judge
Martin R. Dishowitz
Judicial Member

Vice Chair



Robin Bartleman
School Board
of
Broward County

Chair



Kim Gorsuch
Circuit 17 Administrator,
Department of Children
and Families

Secretary



Robert W. Runcie
Superintendent



Ana Valladares
Governor Appointee



Sue Gunzburger
Commissioner



Emilio Benitez
Governor Appointee



Maria M. Schneider
Governor Appointee



Tara R. Philipp
Governor Appointee



Dr. Paula Thaqi, Director,
Broward County Health
Department



Dr. Charlene M. Désir
Governor Appointee

12
Years
On The Path

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Children's Services Council Of Broward County, Florida

**for the
Fiscal Year Ended September 30, 2013**

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
Comprehensive Annual Financial Report
For The Year Ended September 30, 2013

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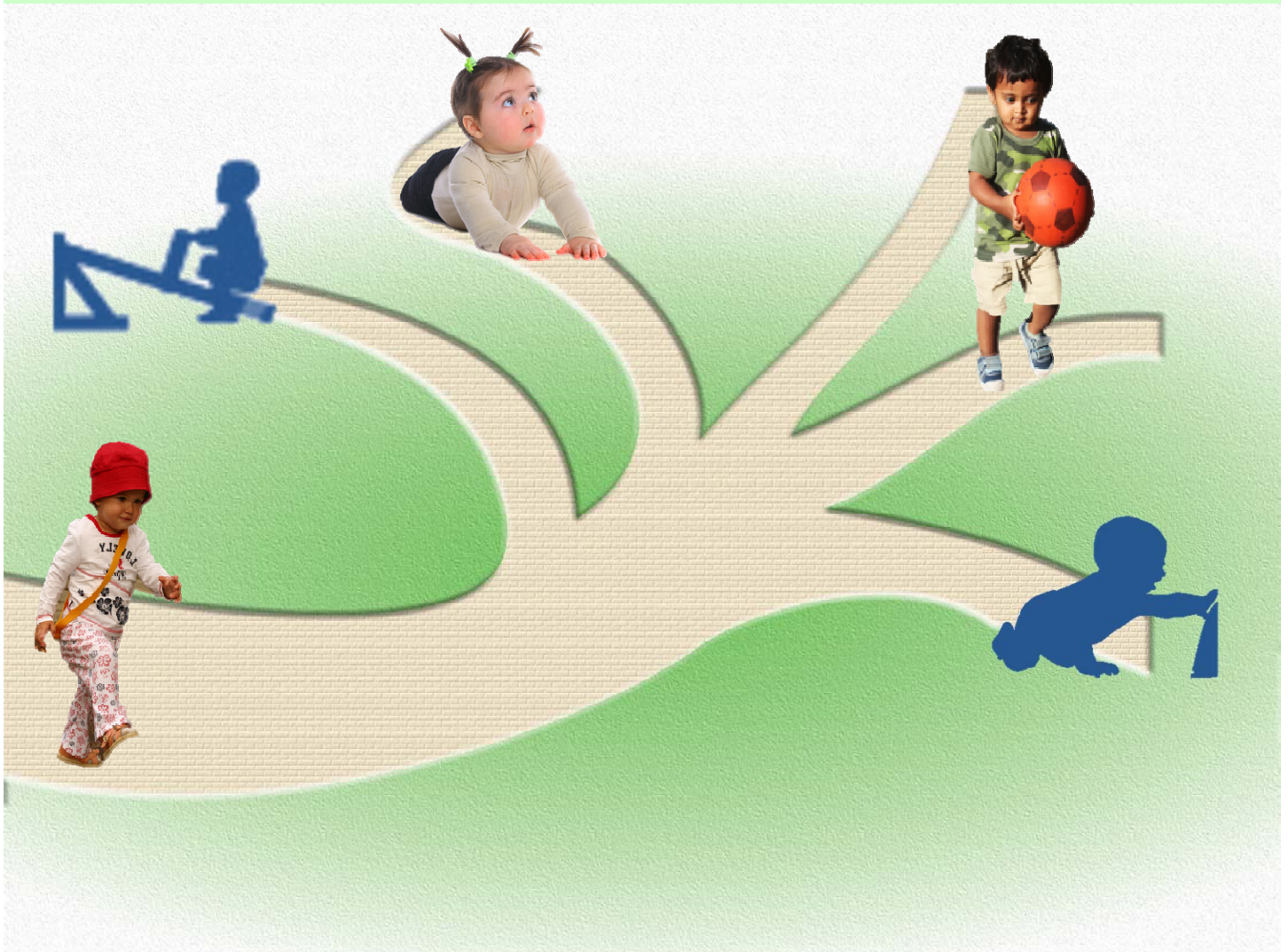
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INTRODUCTORY SECTION





February 20, 2014

**CHILDREN'S
SERVICES COUNCIL MEMBERS:**

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

*Judge Martin R. Dishowitz, Vice Chair
Judicial Member*

*Dr. Charlene M. Désir, Secretary
Governor Appointee*

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

*Emilio Benitez
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*

*Ana M. Valladares
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, 2013. 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 second 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, 2013 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 unmodified opinion that the Council's basic financial statements for fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' 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 GAAP requires 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 August 2013, one of the Governor appointed members resigned from the Council and that position remains vacant until the Governor selects a new appointment. 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 32% are foreign born, up from 25% in 2000, compared to a national average of 13%. 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 26 different working committees and 22 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. The Council utilizes 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. Having our own building, it has become a central place for community meetings and trainings; for fiscal year 2012/13, there were 179 community meetings in addition to 137 training sessions. Moreover, the Council won The Outstanding Building of the Year (“TOBY”) award for governmental buildings by the Building Owners and Managers Association International. This award was developed to honor and recognize quality in office building operations and award excellence in office building management. 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 offset 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 32% of the County’s population are foreign born compared to an average of about 13% nationwide) add to the richness of the area. Broward County is a diverse multi-ethnic community with over 50 percent of residents considered minorities.

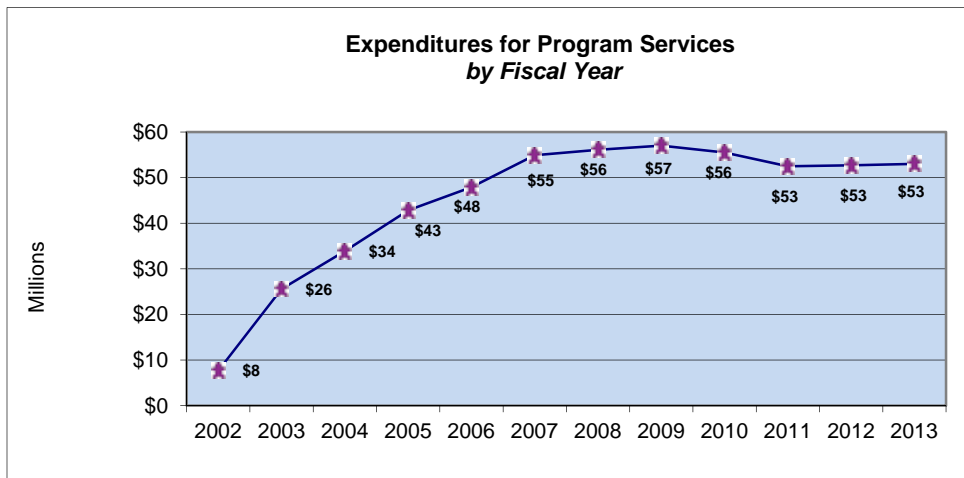
The County was deeply affected by the economic downturn and is slowly emerging back to “normal”. While the economic downturn began with the housing crisis, it spread throughout the economy and over the past few years has resulted in a substantial increase in demand for social needs throughout the community.

Broward County has been very fortunate and not suffered a direct impact from a hurricane in the past eight 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. Tourism reached a record-breaking 12 million visitors who spent more than \$9.8 billion in 2012. Broward’s hospitality and tourism industry employs more than 131,000 people in travel related jobs and for every 85 visitors, one job is created.

The local airport ranks 22nd in the United States in total passenger traffic, with more than 600 flights per day. In January 2012, ground was broken to build a new \$791 million runway expansion which is scheduled for completion in September 2014. The total economic impact of this Federal Aviation Administration funded project is an estimated \$1.4 billion to the local economy. Additionally, there is a complete modernization of the airport’s four terminals underway and will allow visitors more

food choices, free wi-fi and overall improved flow of passenger traffic. Port Everglades, the local seaport, reported a 10 percent growth in business activity from the prior year for a total value to the community of \$15.3 billion. Growth in both cruise and cargo activity resulted in an estimated 1,260 new direct jobs generating approximately \$58 million in wages and salaries. Port Everglades had an estimated 3.6 million passengers flowing through the port in FY 2012. As part of the Master Plan, a \$54 million renovation project was completed to modernize various terminals and enhance the travel experience for arriving and departing visitors.

The Council continues to strive to maximize services for Broward’s children and families and has carefully used fund balance to maintain or grow needed programs, 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 2,500 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 twelfth 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 twelfth year programmatic initiatives include:

- ◆ Recognizing a need to help students with their school supplies, 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 \$80,000 in additional community funding which helped over 5,500 students (a 37% increase from the prior year) return to school with a new backpack filled with all types of school supplies. There were over 100 volunteers, who came together to distribute the backpacks to students identified by School District Social Workers as living in unstable conditions.

- ◆ The Council collaborated with Broward County other partners in the development and implementation of the “Look Before You Lock” campaign which provided a subsidy to child care centers to install alarms in vans transporting 7 or more children and public outreach efforts to remind parents and caregivers not to leave children in hot cars. The Council processed 194 applications for 386 alarms for a total of \$130,000 for van alarm reimbursements within a six week window.
- ◆ 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 260 youth with special needs and their parents to attend training workshops focused on self-advocacy, post-secondary planning and independent living skills. The event included 26 organizational resources for families and the Supervisor of Elections was on hand to register prospective voters, an often disenfranchised population. 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 twelve years, this campaign has provided an additional \$165 million that went directly into the pockets of eligible Broward County residents. For fiscal year 2013, the Council spent \$259,000 to promote EITC which resulted in \$5.5 million in additional tax dollars for residents in Broward County. 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 community stakeholders, 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 and the work done with respect to the Broward County Children’s Strategic Plan was recognized nationally by the Forum on Youth Investment, the Community Indicators Consortium and the Wyman Center, among others for our role in creating best practice models that can benefit children. Additionally, the Council was selected as one of two national pilot sites for the Federal Office of Management and Budget’s efforts to reduce barriers to collaborative funding and service delivery for disenfranchised youth. While there is no funding attached at this point, the award was made as a result of the great, evidence-based work being led by the Council; the impressive outcomes which have been achieved through our local providers;

and the partnerships developed with Florida's Children and Youth Cabinet and the national Forum for Youth Investment.

- ◆ 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 2013-2014 is \$66.5 million, which includes \$734,189 budget carry forward from the prior fiscal year and \$3.1 million of fund balance. Using \$3.8 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

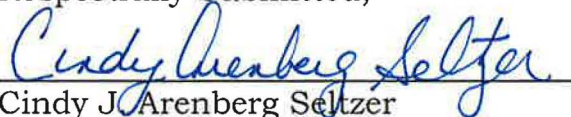
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Children's Services Council of Broward for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the eleventh 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,

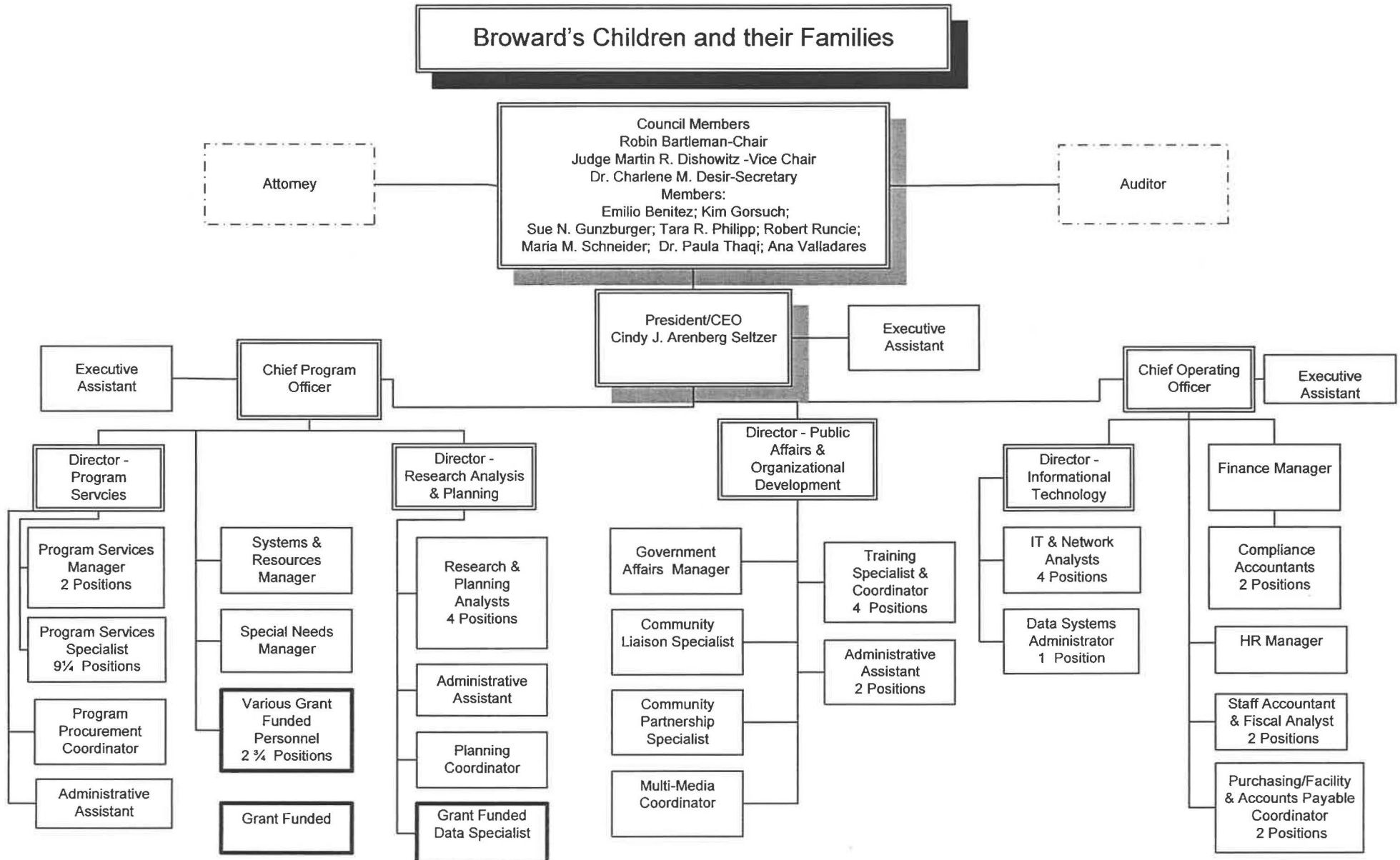

Cindy J. Arenberg Seltzer
President/CEO


Monti Larsen
Chief Operating Officer

Children's Services Council of Broward County

Organizational Chart and List of Principal Officials

Fiscal Year 2012-2013







Government Finance Officers Association

**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, 2012

Executive Director/CEO



FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Children's Services Council of Broward County (the Council) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of October 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and the schedule of funding progress for other post-employment benefits on pages 5 through 25 and pages 60 through 63, 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.

Other Information

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 and statistical section and the schedule of expenditures of federal awards, as required by Office of Management and Budget *Circular A-133, Audits of States and Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are 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 basic financial statements. Such information has been subjected to the auditing procedures applied 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule

of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2014, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Marcum LLP

Fort Lauderdale, FL
February 20, 2014



**Children's
Services
Council**

of Broward County

Our Focus is Our Children.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2013

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, 2013. 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, 2013 concludes the Council's twelfth 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. Over 150 programs are delivered by 87 community organizations who share the Council's mission/vision, commitment to children and expectations for excellence.

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

- ◆ The assets exceeded the liabilities at the close of fiscal year 2012/13 by \$21.4 million (net position). Of this amount, \$13.2 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and providers.
- ◆ The Council's total net position increased slightly by \$444,388 due to underutilization of the programs.
- ◆ At the close of the fiscal year, The Council's governmental funds reported fund balance of \$13,860,566, an increase of \$756,139 from the prior year. Approximately 26% or \$3.7 million is available for spending at the Council discretion (*unassigned fund balance*).
- ◆ Levied tax revenue generated through the TRIM process totaling \$59.6 million, which was an increase of \$2.1 million or 3.6% from the prior year. While the increase was noteworthy in light of the past several years of declining revenues, the needs of the community for services remain quite high due to persistent economic stagnation. With the slight rebound in property taxes, the Council Members remain very concerned about increasing taxes, all while balancing the collective need for services.

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- ◆ Comparing fiscal year 12 to fiscal year 13, the Council's total operating budget increased \$1,247,774 or 2%. This increase was significant to the community after the past several years of either declining or static operating budgets. The Council is cautiously optimistic that this year's increased budget is a sign that the worst of the economic downturn has turned the curve and this is the first step towards restoring much needed services.
- ◆ The Council also appropriated over \$3.2 million of fund balance and budget carry-forward to help offset tax increases and maintain or grow much needed programmatic services. The Council has always used a portion of fund balance for this purpose. With this budget increase, most programmatic goal areas were increased based on specific needs identified with input from the county-wide Children's Strategic Plan. 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 represent 19.7% of the overall program budget, a slight decrease from 21.79% last year. These after school and summer programs serve low income, typically developing children attending highest need Title I schools. These programs are supported by impressive performance outcomes:
 - 87% of students improved their reading and language development;
 - 87% of students improved their math skills; and
 - 100% of students remained safe.

Services are provided at over 100 school and community-based locations throughout the County, serving over 8,000 children in the general population.

- While the programs for elementary age children have slightly decreased, programs for middle and high school students have been growing. Last year, funding for Youth FORCE (middle school) programs increased \$448,000 or 13%. Services in this

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goal area target mostly high risk middle school students, including youth with behavioral health and other special needs. 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. These programs are located at 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. For example, 93% reduced risky behaviors and 99% had no new law violations.

- 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 that provide a broad array of enrichment activities that support and complement student's regular academic programs. Transportation and USDA snacks are also provided by the school district. The School Board and FDOE fund a 21st Century Community Learning Centers ("21st CCLC") grant for five low-performing high schools. Several years ago when FDOE funding sunsetted, the Council continued to provide services for three of the original low performing high schools. The Council is one of only a handful of agencies nationwide that are 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: 83% of youth improved reading skills; 80% improved math grades; 83% improved science grades; and 98% had no external suspensions or decreased the number of suspensions from the prior year.
- 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

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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 three years and provided employment opportunities for 565 low income teens at 300 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. Recent enhancements include cultural diversity and ensuring youth being served in other CSC-funded programs were afforded the opportunity to participate. Program outcomes remain quite strong as 94% of youth successfully completed the program; 91% 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") provides year-round help for 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 217 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 \$1.4 million or 2.6% which was level from the prior year.

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- 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 \$3 million and comprise 5.4% of the overall program budget which is level funding from the prior two years. New DAY programs served over 1,500 youth in fiscal year 2013. Over 90% 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, 84% decreased their risk factors and 95% have stayed out of trouble with the law for at 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 long-term funding commitment for Family Strengthening programs. Recognizing that hard economic times may lead to increases in abuse and neglect, the budget for Family Strengthening programs was increased by \$237,700 or 1.95% to meet the escalating needs of the community. This goal comprises 22.2% of the overall program budget for a total commitment of \$12.5 million and served over 3,400 families.

Family Strengthening programs focus on at-risk and high-risk families who 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, 88% of participants demonstrated improved family functioning, and 92% maintained and/or decreased the level of which they experienced parenting stress.

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- The Council released three 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) Future Prep programs to help children as they "age out " of foster care; 2) Kinship or Non-relative Care programs which provide support, legal assistance, etc.; and 3) Phone and Data services.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position 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 – 56) 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 58.

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 in a manner similar to a private-sector business. 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.

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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 Position* presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

These two statements report the Council's net position and changes in them. You can think of the Council's net position—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 twelfth year of operations and 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 continue funding existing programs and to slightly grow programs in strategic areas where the need is greatest. As mentioned under the Financial Highlights section, property values are just now slightly recovering in most areas of the county. However, 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 especially cognizant of the local economic environment and in order to meet the community need for services, they slightly raised the millage rate 0.0113 mills or 2.36% from the prior year. The South Florida area has been deeply affected by the real estate slowdown

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with declining property values and persistently high foreclosure activity but it is gradually showing signs of a rebound and is projected to continue this trend over the next few years. Thus, the expected decrease in net position 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 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 Position 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.

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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 55.

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.

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 58 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 - 56 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 58 to 63 of this report.

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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 twelfth year of generating tax revenue, assets exceeded liabilities by approximately \$21 million at the close of the fiscal year.

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

	CSC's Net Position As of September 30,		
	FY 2013	FY 2012	Variance
Current Assets	\$ 19,198,496	\$ 19,915,977	\$ (717,481)
Capital Assets	8,207,025	8,504,223	(297,198)
Total Assets	27,405,521	28,420,200	(1,014,679)
Current and Other Liabilities	5,385,418	6,860,695	(1,475,277)
Long-Term Liabilities	633,157	616,947	16,210
Total Liabilities	6,018,575	7,477,642	(1,459,067)
Net Position:			
Net Invested in Capital Assets	8,207,025	8,504,223	(297,198)
Unrestricted	13,179,921	12,438,335	741,586
Total Net Position	\$ 21,386,946	\$ 20,942,558	\$ 444,388

- ◆ The change in current assets from FY 2012 to FY 2013 of 3.6% or \$717,000 was due primarily to the spending down of cash and investments as budgeted. Additional decreases include a decrease in Due from Other Governments and Salaries and Wages Receivable, both related to the 21st Century Learning Center Grants, as well as other smaller grants from Title IVE for adoption assistance and foster care.

Net Investment in Capital Assets decreased by \$297,000 from the prior year. This overall decrease primarily stemmed from a change in direction in the Work-in-Progress ("WIP") line item related to the in-house development of E-learning courses. Several years ago, the Council implemented GASB

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Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*, which required 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 staff, is no longer developing courses and those courses that were in WIP were either: 1) completed and put into production and will be depreciated as appropriate or 2) written-off as not viable. This resulted in a net decrease of \$107,509 related to E-learning. The current WIP balance of \$33,820 is related to software development and will be completed in the subsequent fiscal year.

The remaining changes in this line item of \$155,871 relates to purchases/depreciation of various capital assets such as furniture and computer equipment that were purchased or coming off the schedule per their life cycle.

Total depreciation expense was \$386,761, of which \$214,297 was building related, \$63,306 was for Intangible E-learning courses and \$109,159 was for computer hardware and software and furniture and equipment.

- ◆ The current and other liabilities category is comprised primarily of accounts payable, which decreased by \$1,475,000, and is chiefly due to the timing of provider invoices for September services. The long-term liabilities category reflects a \$16,000 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 increased \$742,000 from the prior year as explained above. This anticipated reduction of net assets allowed programs to continue operations through the economic downturn. Furthermore, \$734,000 of programmatic and administrative initiatives that began in the current fiscal year will be carried forward into the subsequent fiscal year and an additional \$3 million of unrestricted net assets are committed to on-going contracts in the upcoming fiscal year.
- ◆ With respect to debt, the Council is prohibited, per Florida State Statute, from issuing any type of debt instrument including the issuance of bonds of any nature.

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

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

	FY 2013	FY 2012	Variance
Revenues:			
Property Taxes	\$ 59,584,505	\$ 57,483,644	\$ 2,100,861
Investment Earnings	90,651	152,865	(62,214)
Other	1,959,706	1,870,472	89,234
Total Revenues	<u>61,634,862</u>	<u>59,506,981</u>	<u>2,127,881</u>
Expenses:			
Program Services	57,073,666	56,575,542	498,124
General Administration	2,400,360	2,325,671	74,689
Tax Collector and Community Redevelopment Fees	1,716,448	1,679,586	36,862
Total Expenses	<u>61,190,474</u>	<u>60,580,799</u>	<u>609,675</u>
Increase (Decrease) in Net Position	444,388	(1,073,818)	1,518,206
Net Position - Beginning of Year	20,942,558	22,016,376	(1,073,818)
Net Position - End of Year	<u>\$ 21,386,946</u>	<u>\$ 20,942,558</u>	<u>\$ 444,388</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2013, property tax revenue increased by \$2.1 million from the prior year. In order to generate the necessary property tax revenues, the millage rate increased by 2.36% from the previous year's 0.4789 mills to 0.4902 mills, which was higher than the roll-back rate but permissible by statute. Florida has been deeply affected by the mortgage crisis and has had multiple years of declining/stagnant 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 \$90,651 in fiscal year 2013, which is a fairly significant decrease of 41% from the prior year. However, most of this decrease is due to a much lower "gain on the investments" in Fund B with

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the Florida Local Government Funds Surplus Trust Fund. The total amount of 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 decreased from the prior year by \$10,611 for a total of \$47,192 due to lower cash balances and persistently low 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 considerably less than the prior year; however, the fund does continue to recognize steady gains as the remaining balances reach for maturity. The trend for the past three years for the Fund B gain in investments is as follows: \$59,395 in fiscal year 2011; \$95,062 in fiscal year 2012; and \$43,458 in fiscal year 2013.

- ◆ **Other revenue** includes grants, training registration and miscellaneous revenue and for the current year equals \$1,959,706, a 4.8% increase from the prior year. The increase primarily stems from an increase in local grants for programs and the back-to-school campaign.

Within this classification includes \$1,165,000 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 \$794,700 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 \$57.1 million in fiscal year 2013 and were relatively flat: less than a 1% increase or \$498,000 from fiscal year 2012. While the increase looks comparatively flat, there was a moderate increase in Program Services and Support, \$632,000 that was offset by an expected decrease of \$134,000 in the 21st CCLC Grant from Florida Department of Education. As the 21st CCLC Grant winds down, the federal portion decreases and the match to the Council increases.

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The total budget for Program Services had a much welcome increase of \$831,000 from the prior year and the funded agencies continue to fully utilize their contracts (as described on page 20), thus demonstrating a thorough programmatic reach. As the graph on the following page illustrates, 93.28% of total expenses support various programs and support services for children and their families of Broward County. General Administration totals 4.39% of the FY 2013 total expenses and 2.33% represents a non-operating expense for the tax collector and Community Redevelopment fees as described below.

- ◆ **Expenses for General Administration** totaled \$2.4 million in fiscal year 2013, a slight increase of \$74,689 or 3.2% from fiscal year 2012. This is the first small upturn after two consecutive years of administrative decreases for a totaled \$342,800 for a cumulative decrease over the past three years of \$268,000. Moreover, general administrative costs only represent 4.39% 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 2.33% of the administrative expense. The expenses for General and Administrative remain relatively flat for fiscal year 2013 with only slight increases for purchases of capital equipment and related consultants, travel, legal, etc.
- ◆ **Tax Collector and Community Redevelopment fees** for fiscal year 2013 increased overall by 2.2% or \$36,800 for a total of \$1,716,448. The Community Redevelopment fees increased \$22,800 due to the higher 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 \$14,000 from the prior year.

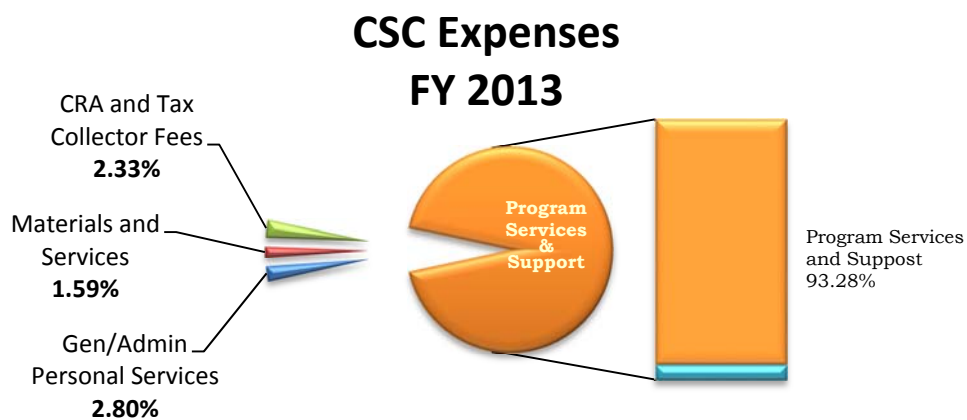
The Community Redevelopment Agency (CRA) tax increment fees are tied to the increased incremental property tax values in specific areas, as well as the Council's established millage rate. Generally throughout the county, the decline in property values has leveled off and in many areas it is slowly starting to rebound and this upward trend is also happening in the CRA districts. In those districts wherein the Council and the CRA have formed a partnership, \$860,000 or 38.9% of the total CRA fees were used in programs and services for children in lieu of fees. These successful collaborations between the Council and many of the CRA Districts have been able to place

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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, 2013.



Analysis below separately considers the operations of governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its twelfth year of operations, the governmental funds (as presented in the balance sheet on page 28) reported a total fund balance of \$13.8 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 55.

- ◆ **Fund balance** increased a total of \$756,139 from the prior year. The primary reason for this increase stemmed from additional appropriations for programs predominantly in family strengthening and youth development goal areas; however, many of these were new programs and agencies and there was lower than anticipated utilization which in turn increased fund balance. Additionally, fund balance included \$92,520 Non-Spendable funds for prepaid expenditures.

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Given this era of ongoing needs within the community and the limitations on raising property taxes, the Council assigned a portion of fund balance in order to maintain services for children and their families. Accordingly, \$3 million is Assigned for Subsequent Year's Budget for fiscal year 2013-14. Additionally, \$734,189 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 \$6.3 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 \$3.6 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 (\$3.1 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 58-59. 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 5% or \$2.9 million.
 - The budget for FY 13 included approximately \$199,500 that was not allocated to any specific program but may be appropriated in the subsequent fiscal year. Because the local economic condition is unknown, the Council purposefully left these funds unallocated to prepare for the drop in available revenues.

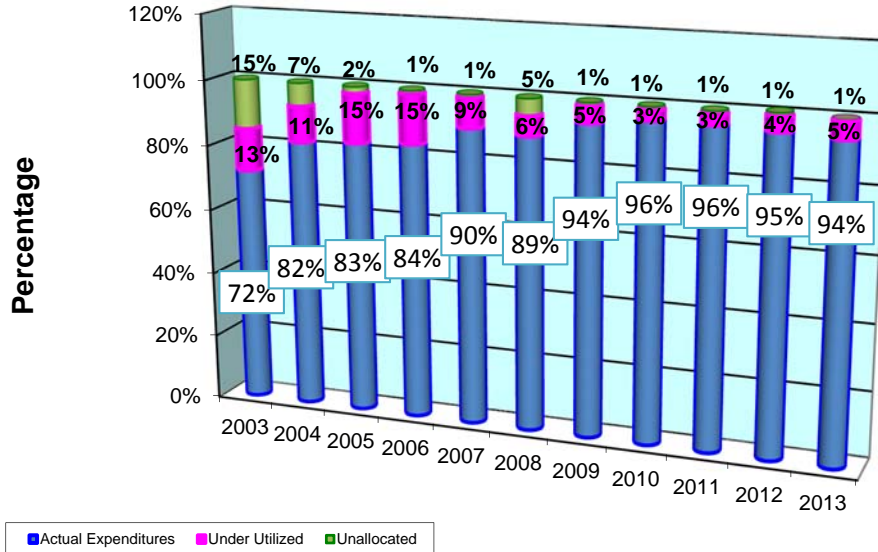
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- The budget variance for Program Support was \$277,000 and was primarily salary/benefit lapse, which is the direct result of administrative efficiencies and scrupulous accountability. General Administration budget variances totaled \$355,500 and was also primarily from salary/benefit lapse and travel/other, further demonstrating fiscal judiciousness throughout the Organization. Additionally, there were \$44,000 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 for the past ten years.

**CSC's Contracted Programs Budget Utilization
per Fiscal Year**



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Alternatively, resources available for appropriation (revenues) were \$217,800 more than the final budgeted amount. This positive variance is the result of better collections of the ad valorem tax revenues.

OTHER ASSETS and OTHER OBLIGATIONS

At the end of fiscal year 2013, 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 1 and 6 of the Notes to the Financial Statements.

As presented in Note 9 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 11 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 2014 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 most experts think that the local housing market "bottomed out" and has begun to rebound in certain areas. 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 hopeful signs that a recovery is starting to take hold. New foreclosures in Broward County finally decreased significantly by 26% in 2013 from 2012. Total foreclosures through November for 2013 were 8326 as compared to 11,278 in 2012. This is quite welcome news since foreclosures in this area led the nation for several years. Because of the high foreclosures for

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2013

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. The hopeful signs that the housing recovery is underway are starting to be demonstrated throughout the area and economists project that property values should begin to rebound in the coming years.

Unemployment in Broward County as of September 2013 decreased to 5.6% down from 7.2% at the same time last year. Further, the local unemployment data is marginally lower than the State's unemployment rate of 6.8% and somewhat lower than the national rate of 7.2%. The drop in unemployment is further verification that the recovery is gaining momentum. With the housing market improvement which boosts consumer confidence, new housing starts are picking up and creating new jobs. Additionally, there are several large infrastructure projects such as the \$791 million airport runway expansion which is estimated to contribute more than \$1 million per day to the local economy and generate 11,000 jobs. Additionally, Port Everglades' business activity rose 10 percent and the number of direct jobs increased 13 percent. Expansion projects are projected to create 7,000 new jobs regionally and support 135,000 jobs statewide over the next 15 years. 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.

Further welcomed economic news was that the inflation rate decreased for the second consecutive year from 3.8% to 2.0% last year and down to a rate of 0.9% 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 0.9%. 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 eight 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. The Council members voted to appropriate \$3 million of fund balance, coupled with \$734,189 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 a slight decrease in the millage rate of 0.41% to 0.4882 mills for the upcoming 2013-2014 fiscal year.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis September 30, 2013

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 need to take place in 2016 followed by Miami-Dade County in 2020. At the November 2013 meeting, the Council voted that Broward will go for reauthorization early in November 2014. We are confident that the voters will enthusiastically endorse the long-term investments we're making in the lives of children and families.

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
Statement of Net Position
September 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 3,379,878
Investments	15,443,530
Accounts and Interest Receivable	5,711
Due From Other Governments	276,857
Prepaid Expenses	92,520
Total Current Assets	<u>19,198,496</u>
Other Assets:	
Capital Assets, Not Being Depreciated:	
Land	2,500,000
Intangibles - Work In Progress	33,820
Capital Assets, Net of Accumulated Depreciation:	
Building and Related Infrastructure	5,404,075
Intangible Assets (E-learning)	104,378
Computer Hardware/Software	126,597
Furniture and Equipment	38,155
Total Capital Assets, Net	<u>8,207,025</u>
Total Assets	<u>27,405,521</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	5,141,532
Due To Other Governments	27,373
Unearned Revenue	169,025
Expected to be paid within one year:	
Compensated Absences	47,488
Total Current Liabilities	<u>5,385,418</u>
Noncurrent Liabilities:	
Expected to be paid after one year:	
Compensated Absences	427,390
Net OPEB Obligation	205,767
Total Noncurrent Liabilities	<u>633,157</u>
Total Liabilities	<u>6,018,575</u>
NET POSITION	
Net Investment in Capital Assets	8,207,025
Unrestricted	13,179,921
Total Net Position	<u>\$ 21,386,946</u>

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



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Activities
For the Year Ended September 30, 2013

	Governmental Activities
Expenses:	
Program Services:	
Program Services	\$ 53,775,633
Program Support	3,298,033
Total Program Services	57,073,666
General Administration:	
Personal Services	1,425,869
Materials and Services	974,491
Community Redevelopment and Tax Collector Fees	1,716,448
Total General Administration	4,116,808
Total Expenses	61,190,474
Program Revenue:	
Grant Funding, Restricted	824,043
Net Program Expense	60,366,431
General Revenues:	
Property Taxes	59,584,505
Investment Earnings	90,651
Grant Funding, Unrestricted	340,968
Miscellaneous Local	794,695
Total General Revenues	60,810,819
Change in Net Position	444,388
Net Position - Beginning of the Year	20,942,558
Net Position - End of the Year	\$ 21,386,946

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, 2013

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Current Assets:			
Cash	\$ 3,299,892	\$ 79,986	\$ 3,379,878
Investments	15,443,530	-	15,443,530
Accounts and Interest Receivable	5,711	-	5,711
Due From Other Governments	105,604	171,253	276,857
Due From Other Fund	200,000	-	200,000
Prepaid Expenditures	92,520	-	92,520
Total Assets	\$ 19,147,257	\$ 251,239	\$ 19,398,496
 LIABILITIES and FUND BALANCE			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 5,090,293	\$ 51,239	\$ 5,141,532
Due To Other Governments	27,373	-	27,373
Unearned Revenue	169,025	-	169,025
Due to Other Fund	-	200,000	200,000
Total Liabilities	5,286,691	251,239	5,537,930
Fund Balance:			
Nonspendable Fund Balance	92,520	-	92,520
Assigned Fund Balance	3,797,311	-	3,797,311
Unassigned Fund Balance	9,970,735	-	9,970,735
Total Fund Balance	13,860,566	-	13,860,566
Total Liabilities and Fund Balance	\$ 19,147,257	\$ 251,239	\$ 19,398,496

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 Government-Wide Statement of Net Position
September 30, 2013

Fund Balance - Total Governmental Funds (page 28) \$ 13,860,566

Amounts reported for governmental activities in the government -wide Statement of Net Position 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	\$ 10,677,789	
Less accumulated depreciation	<u>(2,470,764)</u>	8,207,025

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

Compensated absences		(474,878)
Net OPEB Obligation		<u>(205,767)</u>

Net Position of Governmental Activities (page 25)		<u><u>\$ 21,386,946</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, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 59,584,505	\$ -	\$ 59,584,505
Grant Funding	340,968	824,043	1,165,011
Investment Earnings	90,651	-	90,651
Miscellaneous Local	794,695	-	794,695
Total Revenues	<u>60,810,819</u>	<u>824,043</u>	<u>61,634,862</u>
Expenditures:			
Program Services & Support:			
Program Services	52,967,916	755,508	53,723,424
Monitoring/Outcome Materials	52,208	-	52,208
Employee Salaries and Benefits	3,060,767	61,670	3,122,437
Other Consultants	570	1,080	1,650
Material and Supplies	5,894	-	5,894
Printing and Advertising	12,752	-	12,752
Software Maintenance	34,467	-	34,467
Travel and Other Expenditures	44,004	5,785	49,789
Total Program Administration	<u>56,178,578</u>	<u>824,043</u>	<u>57,002,621</u>
General Administration:			
Employee Salaries and Benefits	1,423,087	-	1,423,087
Legal Fees	30,803	-	30,803
Auditors and Other Consultants	79,528	-	79,528
Materials and Supplies	33,384	-	33,384
Printing and Advertising	5,559	-	5,559
Other General Administration	297,595	-	297,595
Telecommunications	41,334	-	41,334
Travel and Other Expenditures	136,947	-	136,947
Tax Collection Fees	364,074	-	364,074
Community Redevelopment Area Fees	1,352,374	-	1,352,374
Total General Administration	<u>3,764,685</u>	<u>-</u>	<u>3,764,685</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, 2013, (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Capital Outlay:			
Computer Hardware/Software	85,291	-	85,291
Furniture/ Equipment	26,125	-	26,125
Total Capital Outlay	<u>111,416</u>	<u>-</u>	<u>111,416</u>
Total Expenditures	<u>60,054,679</u>	<u>824,043</u>	<u>60,878,722</u>
Net Change in Fund Balance	756,139	-	756,139
Beginning Fund Balance	<u>13,104,427</u>	<u>-</u>	<u>13,104,427</u>
Ending Fund Balance	<u>\$ 13,860,566</u>	<u>\$ -</u>	<u>\$ 13,860,566</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, 2013

Net Change in Fund Balance		
Total Governmental Funds (page 31)	\$	756,139

Amounts reported for governmental activities in the government-wide Statement of Activities are different because:

To write off items that were originally capitalized (i.e., intangible Work-In-Progress, e-Learning courses, and obsolete computer hardware) which will decrease net position.		(140,511)
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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	\$ 230,074	
Less current year depreciation	(386,761)	(156,687)

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		16,576
Change in OPEB Obligation		(31,129)
Change in Net Position of Governmental Activities (page 27)	\$	444,388

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, 2013

The Children's Services Council of Broward County ("Council") is a special independent taxing district with a mission 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".

1. 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. GASB is the accepted standard-setting body for governmental accounting and financial reporting. The more significant accounting policies are summarized in the following paragraphs.

A. Reporting Entity

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 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 Council is contiguous with Broward County.

The Children's Services Council of Broward County follows the standards and related amendments promulgated by GASB 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, 2013

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. Basis of Presentation

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities and report information on all of the activities of the Council as a whole. 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*.

Fund Financial Statements - Separate financial statements are provided for the governmental funds. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Major individual governmental funds are reported as separate columns in the fund financial statements. The Council uses the following funds:

- *General Fund* is the Council's primary operating fund and accounts for all financial resources 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").

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide Financial Statements - 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. All assets and all liabilities associated with the operations of the Council are included on the Statement of Net Position. The Statement of Activities reports revenues and expenses.

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

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

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On both the government-wide and the governmental fund financial statements, revenues are recognized when all eligibility requirements are met.

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with United States 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 and transfers of appropriations between functions require Council approval. The level of control at which expenditures may not legally exceed the budget is at the function level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). 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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Balance/Net Position

1. 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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

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").

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.

2. *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.
3. *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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

Maintenance, repairs and minor renovations are not capitalized. Expenditures that significantly 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.

4. Deferred outflows/inflows of resources – In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council does not have any items that meet these criteria.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council does not have any items that meet these criteria.

5. Fund Balance/Net Position – Fund Equity at the governmental fund reporting level is classified as *Fund Balance*. Fund equity for all other reporting is classified as *Net Position*.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

Fund Balance and Flow Assumptions - Generally, Fund Balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications based 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. 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 an 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., 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 which the Council Members delegate the authority at their direction. Through the Issue Paper process, the Council approves assigned fund balance.
- *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.

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, 2013

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.

Net Position and Flow Assumptions – The Net Position represents the difference between assets and deferred outflows less liabilities and deferred inflows of resources. The Net Position of the government wide funds are categorized as investment in capital assets, reduced by accumulated depreciation and any the outstanding balances of any borrowing used (i.e., the amount that the Council has not spent) for the acquisition.

The net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted. In order to report Net Position as a restricted – net position and an unrestricted – net position in the government-wide financial statements, the Council would first use restricted net position before using unrestricted net position.

F. Revenues and Expenditures/Expenses

1. *Program Revenues* - Amounts reported as miscellaneous local revenue include 1) local grants for various programs, 2) donations and contributions for particular events and 3) charges to customers for trainings. All taxes are reported as general revenues rather than program revenues.
2. *Property Taxes* - Florida laws restrict millage rate increases that a government may levy. In addition to multiple 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

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.

3. 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.
4. 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.

G. New Accounting Pronouncements

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

Statement are 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 are effective for the fiscal year ending September 30, 2013. Currently, the Council is not directly affected by this statement.

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 are 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 are effective for the fiscal year ending September 30, 2013.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2013

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 which are effective for fiscal year ending September 30, 2014 were early implemented in fiscal year 2013.

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.

GASB Statement No. 67 - In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. This Statement is striving to improve financial reporting by state and local governmental pension plans and replaces requirements of GASB Statements No. 25 and No. 50, related to pension plans administered through trusts or similar arrangements. It uses an existing framework for financial reports of defined benefit pension plans, including a statement of fiduciary net position and a statement of changes in fiduciary net position. Additionally, it enhances note disclosures and required supplementary

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2013

information for both defined benefit and defined contribution pension plans. Finally, Statement No. 67 requires the presentation of information about annual money-weighted rates of return in the notes and in 10-year required supplementary information schedules. The provisions of this Statement will be effective for the fiscal year beginning after June 15, 2013.

GASB Statement No. 68 - In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve financial reporting by state and local governmental for pensions. While Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans, this Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. It requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Additionally, it adds revised and new note disclosures and required supplementary information. The provisions of this Statement will be effective for the fiscal year beginning after June 15, 2014.

GASB Statement No. 69 - In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term, "government combinations," includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged.

GASB Statement No. 70 - In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. This Statement requires a state or local government guarantor that offers a non-exchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement. The provisions of this Statement will be effective for the fiscal year beginning after June 15, 2013.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

H. Implementation of GASB Statements with Impact on the Financial Statements

The Council implemented the following GASB Statements during the fiscal year ended September 30, 2013:

- ❖ GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- ❖ GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*
- ❖ GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities.*

2. 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, 2013, the carrying amount of the Council's deposits was \$3,379,878 with a bank balance of \$3,662,541. 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, 2013

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, 2013 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
Cash Deposits	\$ 3,379,878	-	\$ 3,379,878
Investments with the SBA:			
Florida PRIME	7,583,374	43.9 days	7,583,374
Fund B, net of unrealized loss	201,651	4.04 years	201,651
Wells Fargo Investments:			
Heritage Money Market Fund	4,079,465	16 days	4,079,465
Municipal Cash Management Money Market Fund	3,579,040	13 days	3,579,040
Total Investments	15,443,530		15,443,530
Total Cash and Investments	\$ 18,823,408		\$ 18,823,408

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 2013 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, 2013**

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 significant investment balances with long-term maturities that may be subject to significant fair value losses arising from increasing interest rates.

3. RECEIVABLES AND PAYABLES

Accounts and Interest Receivable at September 30, 2013 consists of the following:

	General Fund
Medicaid Billings	\$ 3,665
Interest Receivable	429
Other	927
Registration Fees	690
Total Accounts Receivable	<u>\$ 5,711</u>

Accounts Payable and Accrued Liabilities as of September 30, 2013 consists of the following:

	General Fund	Special Revenue Fund	Total Governmental Funds
Funded Providers	\$ 4,889,661	\$ 51,239	\$ 4,940,900
Administrative	178,906	-	178,906
Professional Services & Other	21,726	-	21,726
Total Accounts Payable and Accrued Liabilities	<u>\$ 5,090,293</u>	<u>\$ 51,239</u>	<u>\$ 5,141,532</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2013**

4. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at September 30, 2013 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 200,000	\$ -
Special Revenue Fund	-	200,000
Total	<u>\$ 200,000</u>	<u>\$ 200,000</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.

5. 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 2013 was 0.4902 mills. The Council increased the millage rate by 0.0113 mills or 2.36% over the fiscal year 2011/12 millage rate of 0.4789. 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, 2013 upon which the fiscal year 2013 levy was based, was approximately \$127 billion.

There was no property taxes receivable from the tax collector at September 30, 2013.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2013**

6. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2012	Additions	Deletions	Balance at Sept 30, 2013
Capital Assets:				
Capital Assets Not Depreciated:				
Land	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Intangibles-Work in Progress	107,509	52,270	(125,959)	33,820
Capital Assets Depreciated:				
Building	6,047,681	-	-	6,047,681
Building Infrastructure	261,756	-	-	261,756
Computer Hardware/Software	1,305,089	95,691	(81,992)	1,318,788
Intangible Assets	168,461	82,114	(52,565)	198,009
Furniture and Equipment	317,735	-	-	317,735
Total Capital Assets	<u>10,708,231</u>	<u>230,075</u>	<u>(260,516)</u>	<u>10,677,789</u>
Less Accumulated Depreciation:				
Building	652,833	201,209	-	854,042
Building Infrastructure	38,232	13,088	-	51,320
Computer Hardware/Software	1,205,578	68,605	(81,992)	1,192,191
Intangible Assets	68,338	63,305	(38,013)	93,630
Furniture and Equipment	239,027	40,554	-	279,581
Total Accumulated Depreciation	<u>2,204,008</u>	<u>386,761</u>	<u>(120,005)</u>	<u>2,470,764</u>
Capital Assets, Net	<u>\$ 8,504,223</u>	<u>\$ (156,686)</u>	<u>\$ (140,511)</u>	<u>\$ 8,207,025</u>

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

Program Administration	\$ 116,419
General Administration	<u>270,342</u>
Total Depreciation Expense	<u>\$ 386,761</u>

7. 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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

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 6.95% for regular employees, 12.84% for DROP employees and 18.31% for senior management of annual covered payroll for the fiscal year. The Council contributions to FRS for the fiscal year ending September 30, 2013, 2012, and 2011 were \$317,196, \$267,778, and \$343,053 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.

8. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS

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, 2013 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, 2013**

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	\$ 25,231
Amortization of Accrued Liability	6,234
Annual OPEB Cost	<u>31,465</u>
Adjustment for Timing	1,259
Annual Required Contribution	<u>32,724</u>
Interest on Net OPEB Obligation (NOO)	6,986
NOO Amortization adjustment to the ARC	<u>(6,054)</u>
Annual OPEB Cost	33,656
Estimated Annual Employer Contribution (pay-as-you-go)	<u>(2,527)</u>
Change in Net OPEB Obligation	31,129
Net OPEB Obligation - Beginning of Year	174,638
Net OPEB Obligation - End of Year	<u><u>\$ 205,767</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2013 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>
9/30/2011	\$ 29,115	3.0%	\$ 144,146
9/30/2012	\$ 31,425	3.0%	\$ 174,638
9/30/2013	\$ 33,656	7.5%	\$ 205,767

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2013

The funded status of the plan as of October 1, 2012 was as follows:

Actuarial Accrued Liability	\$ 187,011
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 187,011
Funded Ratio	0%
Covered Payroll	\$ 3,445,134
UAAL as a percentage of covered payroll	5.4%

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, 2013**

9. 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.

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.

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, 2013 amounted to approximately \$5,870. Future minimum base lease payments for these leases are approximately as follows:

Fiscal Year Ending September 30,	Minimum Equipment Lease Payment
2014	\$ 14,088
2015	14,088
2016	14,088
2017	8,218
	<u>\$ 50,482</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2013**

Encumbrances:

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2013 that will be re-appropriated in the subsequent year are as follows:

General Fund:	
Program Services and Support	\$ 279,974
Program Support	131,871
General Administration	322,344
Total Encumbrances	<u>\$ 734,189</u>

11. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for fiscal year ended September 30, 2013:

	Beginning Balance Oct 1, 2012	Increases	Decreases	Ending Balance Sept 30, 2013	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 462,261	\$ 250,075	\$ (274,155)	\$ 438,181	\$ 43,818
Sick Leave Accrual	29,193	137,621	(130,117)	36,697	3,670
Net OPEB Obligation	174,638	31,129	-	205,767	-
Total Long Term Liabilities	<u>\$ 666,092</u>	<u>\$ 418,825</u>	<u>\$ (404,272)</u>	<u>\$ 680,645</u>	<u>\$ 47,488</u>

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, 2013

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 \$92,520 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.
- *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 to which the Council Members delegates authority. The Council has a total of \$3,797,311 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 \$411,845 for various programmatic goals and support in the subsequent year, while the remaining \$322,344 of encumbrances is for general administration. The second category of Assigned Fund Balance is \$3 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 \$6,349,955. The remaining Unassigned Fund Balance is \$3,620,780.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2013**

13. 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, 2013 the Council reported \$1,165,011 in grant funding, including state matching funds amounting to \$109,271 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	2013	----	
School Board of Broward County Match			\$ 86,743
FL Department of Education Match			142,162
Total Match			<u>\$ 228,905</u>

14. 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.



**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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Ad Valorem Taxes	\$ 59,436,662	\$ 59,436,662	\$ 59,584,505	\$ 147,843
Grant Funding	300,000	300,000	340,968	40,968
Investment Earnings	50,000	50,000	90,651	40,651
Miscellaneous Local	465,000	806,372	794,695	(11,677)
Total Revenues	60,251,662	60,593,034	60,810,819	217,785
Expenditures:				
Program Services:				
Program Services	55,833,364	56,059,706	52,967,916	3,091,790
Monitoring/Outcome Materials	70,000	70,000	52,209	17,791
Total Program Services	55,903,364	56,129,706	53,020,125	3,109,581
Program Support:				
Employee Salaries and Benefits	3,189,692	3,299,895	3,060,767	239,128
Other Consultants	8,000	8,000	570	7,430
Material and Supplies	6,085	7,905	5,894	2,011
Printing and Advertising	21,498	16,678	12,752	3,926
Software Maintenance	59,900	52,700	34,467	18,233
Travel and Other Expenditures	35,400	50,427	44,004	6,423
Total Program Support	3,320,575	3,435,605	3,158,454	277,151
General Administration:				
Employee Salaries and Benefits	1,518,259	1,521,759	1,423,087	98,672
Legal Fees	30,000	30,803	30,803	-
Auditors and Other Consultants	66,000	80,900	79,528	1,372
Materials and Supplies	51,400	48,982	33,384	15,598
Printing and Advertising	18,670	18,229	5,559	12,670
Other General Administration	358,126	364,207	297,595	66,612
Telecommunications	54,299	61,732	41,334	20,398
Travel and Other Expenditures	276,406	249,499	136,947	112,552
Tax Collection Fees	391,749	391,749	364,074	27,675
Community Redevelopment Area Fees	1,359,310	1,352,374	1,352,374	-
Total General Administration	4,124,219	4,120,234	3,764,685	355,549

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, 2013, (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Capital Outlay:				
Computer Hardware/Software	125,295	108,491	85,291	23,200
Furniture/ Equipment	24,600	46,889	26,125	20,764
Building Related Expenditures	1,500	-	-	-
Total Capital Outlay	<u>151,395</u>	<u>155,380</u>	<u>111,416</u>	<u>43,964</u>
Total Expenditures	<u>63,499,553</u>	<u>63,840,925</u>	<u>60,054,680</u>	<u>3,786,245</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,247,891)</u>	<u>\$ (3,247,891)</u>	756,139	<u>\$ 4,004,030</u>
Beginning Fund Balance			<u>13,104,427</u>	
Ending Fund Balance			<u>\$ 13,860,566</u>	

NOTE: GAAP serves as the budgetary basis.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
For The Year Ended September 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Local Sources:				
Grant Funding	\$ 904,906	\$ 904,906	\$ 824,043	(80,863)
Expenditures:				
Program Services:				
Program Services	822,944	822,944	755,508	67,436
Program Administration:				
Employee Salaries and Benefits	61,982	61,982	61,670	312
Other Consultants	3,020	3,020	1,080	1,940
Travel and Other Expenditures	16,960	16,960	5,785	11,175
Total Program Administration	81,962	81,962	68,535	13,427
Total Expenditures	<u>904,906</u>	<u>904,906</u>	<u>824,043</u>	<u>80,863</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning Fund Balance			<u>-</u>	
Ending Fund Balance			<u>\$ -</u>	

NOTE: GAAP serves as the budgetary basis.



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

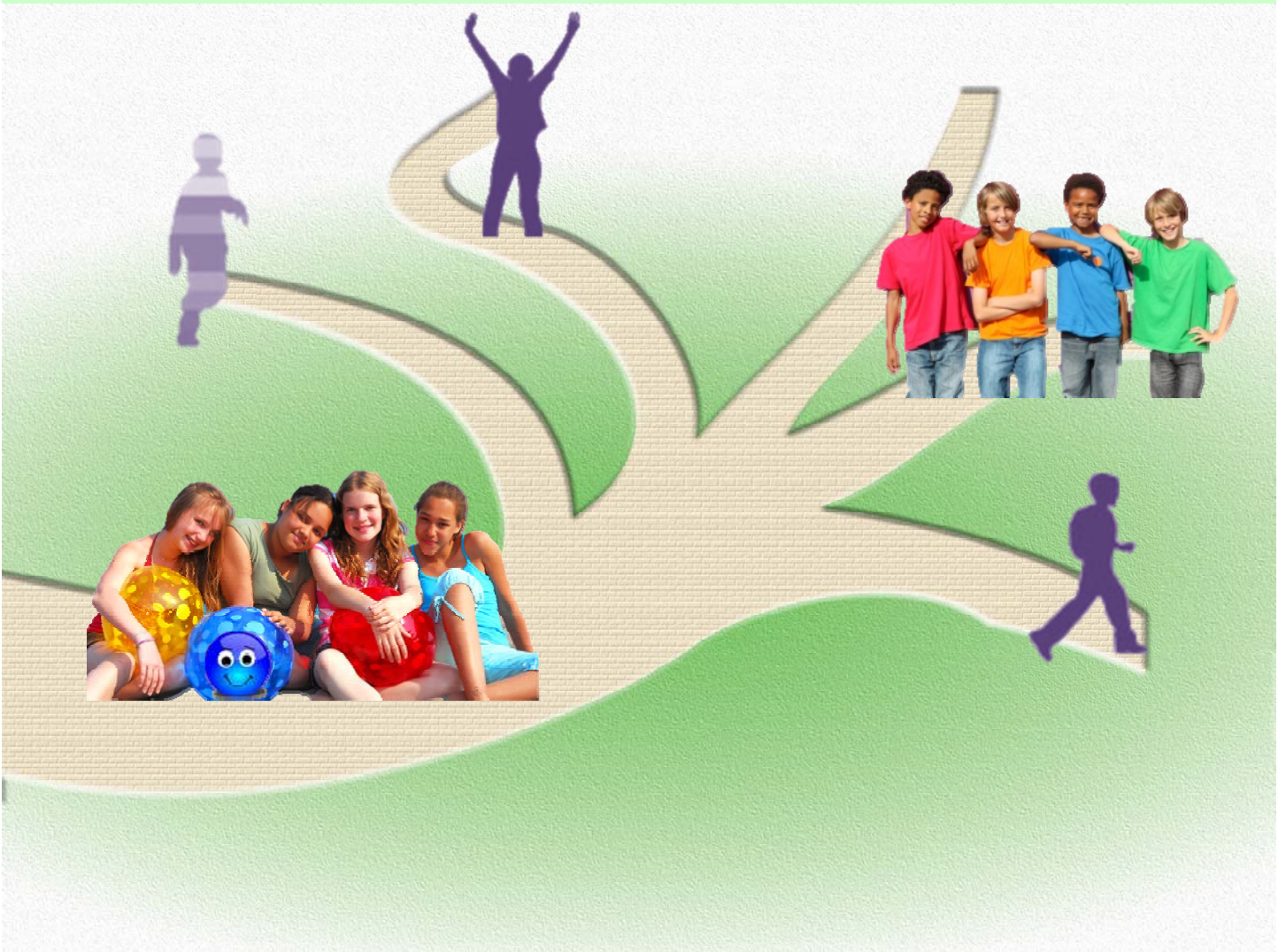
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2012	\$ -	\$ 187,011	\$ 187,011	0%	\$ 3,445,134	5.4%
10/1/2011	\$ -	\$ 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%

* 2012/13 Covered payroll is based on 2011/12 increased with payroll growth assumption (4.0% annually).

Funding commenced in 2008.



STATISTICAL SECTION





CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Comprehensive Annual Financial Report
For The Year Ended September 30, 2013**

STATISTICAL SECTION

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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>
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
2013	8,207,025	13,179,921	21,386,946



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Governmental activities:				
Program Services:				
Program Services	\$ 33,876,243	\$ 42,804,585	\$ 47,995,906	\$ 55,166,003
Program Administration	1,216,230	1,803,292	2,498,185	2,678,691
Total Program Services	<u>35,092,473</u>	<u>44,607,877</u>	<u>50,494,091</u>	<u>57,844,694</u>
General Administration:				
Personal Services	1,099,004	1,262,444	1,186,658	1,283,242
Materials and Services	997,069	879,637	902,565	1,022,516
Community Redevelopment and Tax Collector Fees	907,649	642,575	845,973	1,593,271
Total General Administration	<u>3,003,722</u>	<u>2,784,656</u>	<u>2,935,196</u>	<u>3,899,029</u>
Total primary government expenses	<u>38,096,195</u>	<u>47,392,533</u>	<u>53,429,287</u>	<u>61,743,723</u>
Program Revenues				
Governmental activities:				
Grant Funding, Restricted	589,892	665,235	628,192	342,861
Total primary government program revenue	<u>589,892</u>	<u>665,235</u>	<u>628,192</u>	<u>342,861</u>
Net (Expense)/Revenue				
Total primary government net expense	<u>\$ 37,506,303</u>	<u>\$ 46,727,298</u>	<u>\$ 52,801,095</u>	<u>\$ 61,400,862</u>
General Revenues & Other Changes in Net Position				
Governmental activities:				
Property Taxes	\$ 38,323,485	\$ 46,299,021	\$ 53,589,647	\$ 61,533,409
Investment Earnings	439,573	1,145,141	2,119,135	2,672,542
Grant Funding, Unrestricted	-	-	-	223,277
Miscellaneous	210,523	18,518	70,171	83,140
Total primary government	<u>\$ 38,973,581</u>	<u>\$ 47,462,680</u>	<u>\$ 55,778,953</u>	<u>\$ 64,512,368</u>
Changes in Net Position				
Total primary government	<u>\$ 1,467,278</u>	<u>\$ 735,382</u>	<u>\$ 2,977,858</u>	<u>\$ 3,111,506</u>

Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 56,378,547	\$ 57,163,373	\$ 56,101,645	\$ 52,760,094	\$ 53,530,318	\$ 53,775,633
3,107,866	3,187,482	2,849,711	2,970,323	3,045,224	3,298,033
<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>	<u>57,073,666</u>
1,430,511	1,477,411	1,391,696	1,489,677	1,428,134	1,425,869
917,920	843,657	1,276,812	971,462	897,537	974,491
1,555,588	1,818,312	1,809,845	1,762,748	1,679,586	1,716,448
<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>4,116,808</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>	<u>\$ 61,190,474</u>
939,901	501,488	\$ 651,736	\$ 271,384	\$ 883,762	\$ 824,043
<u>939,901</u>	<u>501,488</u>	<u>\$ 651,736</u>	<u>\$ 271,384</u>	<u>\$ 883,762</u>	<u>\$ 824,043</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>	<u>\$ 60,366,431</u>
\$ 60,092,171	\$ 59,990,448	\$ 60,094,059	\$ 57,795,765	\$ 57,483,644	\$ 59,584,505
1,095,569	153,990	280,193	111,354	152,865	90,651
213,830	113,760	308,530	2,572,867	343,463	340,968
311,815	446,771	596,866	487,777	643,247	794,695
<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>\$ 60,810,819</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>	<u>\$ 444,388</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Fund Balance, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>General Fund</u>						
Fiscal Year	Reserved	Unreserved	Nonspendable Fund Balance	Assigned Fund Balance	Unassigned Fund Balance	Total General Fund
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
2013			92,520	3,797,311	9,970,735	13,860,566

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 OF BROWARD COUNTY
Changes in Fund Balance, Governmental Funds,
Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Ad Valorem Taxes	\$ 38,323,485	\$ 46,299,021	\$ 53,589,647	\$ 61,533,409
Investment Earnings	439,573	1,145,141	2,119,135	2,672,542
Miscellaneous Local	113,405	18,518	70,171	83,140
In-Kind Local Match	111,683	-	-	-
Grant Funding	589,892	665,235	628,192	566,138
Total revenues	<u>39,578,038</u>	<u>48,127,915</u>	<u>56,407,145</u>	<u>64,855,229</u>
Expenditures				
Program Services	33,876,243	42,804,585	47,907,137	55,166,003
Program Administration	1,236,521	1,723,257	2,549,839	2,676,428
General Administration	2,599,655	2,599,145	2,761,954	3,723,834
Capital Outlay	429,000	165,186	211,032	130,578
Total expenditures	<u>38,141,419</u>	<u>47,292,173</u>	<u>53,429,962</u>	<u>61,696,843</u>
Net change in fund balance	<u>\$ 1,436,619</u>	<u>\$ 835,742</u>	<u>\$ 2,977,183</u>	<u>\$ 3,158,386</u>

Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 60,092,171	\$ 59,990,448	\$ 60,094,059	\$ 57,795,765	\$ 57,483,644	\$ 59,584,505
1,095,569	153,990	280,193	111,354	152,865	1,165,011
311,815	446,771	609,860	487,777	643,246	90,651
-	-	-	-	-	-
1,153,731	615,248	947,272	2,844,251	1,227,225	794,695
<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>	<u>61,634,862</u>
56,378,547	57,163,373	56,101,645	52,760,094	53,530,318	53,723,424
3,071,449	3,080,541	2,891,720	2,957,356	3,026,851	3,279,197
3,792,495	3,968,377	3,889,604	3,773,091	3,628,128	3,764,685
35,463	8,702,529	768,421	136,019	57,303	111,417
<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>60,878,723</u>
<u>\$ (624,668)</u>	<u>\$ (11,708,363)</u>	<u>\$ (1,720,006)</u>	<u>\$ 1,612,587</u>	<u>\$ (735,620)</u>	<u>\$ 756,139</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)
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
2013	114,660,766	25,878,787	8,542,371	21,246,559

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)
\$ 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
37,637,272	132,691,211	0.4902

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
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
2013	0.4902	-	0.4902	5.5530	7.4560	0.4289

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 OF BROWARD COUNTY
Principal Property Taxpayers,
Current Year and Nine Years Ago
(Dollars in Thousands)

Taxpayer	2004		
	Taxes Levied	Rank	Percent to Aggregate Taxes Levied
Florida Power & Light Company	\$ 31,725	1	1.18%
BellSouth Corporation	17,873	2	0.66%
Diplomat Properties	5,723	3	0.21%
Sunrise Mills, LTD	5,624	4	0.21%
Northwestern Mutual Life	3,164	5	0.12%
Sunbeam Properties Inc	2,958	6	0.11%
Cocowalk Dev Inc	2,920	7	0.11%
Marriott Ownership Resorts Inc	2,479	8	0.09%
Motorola Inc	2,461	9	0.09%
Keystone-Florida Property	2,326	10	0.09%
Wal-Mart Stores Inc			
Pembroke Lakes Mall LTD			
Publix Supermarkets, Inc.			
City National Bank of Florida			
SPUSV5 Pembroke Pines LLC			
Total principal taxpayers	<u>\$ 77,253</u>		<u>2.87%</u>

Source: Broward County Revenue Collector

2013

Taxes Levied	Rank	Percent to Aggregate Taxes Levied
\$ 37,397	1	1.22%
9,191	2	0.30%
5,647	6	0.18%
8,417	3	0.28%
-	-	0.00%
3,622	8	0.12%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
6,156	4	0.20%
3,030	10	0.10%
5,088	7	0.17%
6,037	5	0.20%
3,519	9	0.12%
\$ 88,104		2.88%

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	
2004	\$ 40,758,917	\$ 38,225,214	93.8%	\$ 125,694
2005	48,808,266	46,168,199	94.6%	143,847
2006	56,341,477	53,444,968	94.9%	216,530
2007	64,634,697	61,401,903	95.0%	259,170
2008	63,240,600	59,925,176	94.8%	378,240
2009	63,145,444	59,597,697	94.4%	615,456
2010	63,430,596	59,406,863	93.7%	366,472
2011	61,318,170	57,368,232	93.6%	125,083
2012	60,801,037	57,457,936	94.5%	(112,079)
2013	62,564,907	59,460,641	95.0%	-

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

Total Collections to Date

	Amount	Percentage of Levy
\$	38,350,908	94.1%
	46,312,046	94.9%
	53,661,498	95.2%
	61,661,073	95.4%
	60,303,416	95.4%
	60,213,153	95.4%
	59,773,335	94.2%
	57,493,315	93.8%
	57,345,857	94.3%
	59,460,641	95.0%

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

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)
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	1,815,137	76,687,882	43,351	40.0
2013	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

<u>Public School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
271,339	4.30%
272,691	3.50%
270,935	3.10%
262,616	3.80%
258,905	6.10%
255,738	9.80%
255,203	9.70%
256,872	9.30%
258,803	7.60%
260,564	5.60%

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

2004

Employer (1)	Employees (1)	Rank	Percentage of Total County Employment (2)
Broward School Board*	36,853	1	4.2%
Memorial Healthcare System*	8,500	2	1.0%
Broward County Government*	7,722	3	0.9%
N. Broward Hospital District*	6,954	4	0.8%
American Express	6,000	5	0.7%
Spherion	3,800	6	0.4%
Pediatric Medical Group	3,500	7	0.4%
Aviation Sales Co	2,529	8	0.3%
Motorola	2,250	9	0.3%
Seabulk International, Inc.	1,895	10	0.2%
Total	80,003		9.2%

* Includes both full time and part time employees

Sources:

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

2013

Employer (1)	Employees (1)	Rank	Percentage of Total County Employment (2)
Broward School Board*	31,174	1	3.2%
Broward County Government*	11,025	2	1.1%
Memorial Healthcare System*	10,900	3	1.1%
Broward Health*	8,227	4	0.8%
Nova Southeastern University	4,037	5	0.4%
Auto Nation	3,376	6	0.3%
American Express	3,000	7	0.3%
The Answer Group	2,800	8	0.3%
Broward College	2,800	8	0.3%
The City of Fort Lauderdale	2,456	10	0.3%
Total	<u>81,795</u>		<u>8.3%</u>

* Includes both full time and part time employees

Sources:

- (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,	Program Support	General Administration	Grand Total
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
2013	42	16	58

Source: Children's Services Council, Finance Administration

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

Utilization

Contract/Program Services <u>Fiscal Year</u>	Amount Under Contract	Actual Expenditures	Under- utilized (c)	Unallocated (d)
	(a)	(b)		
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%
2013	99%	94%	5%	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

<u>Fiscal Year</u>	<u>Budget (e)</u>	<u>Actual (f)</u>
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%
2013	105%	99%

- (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

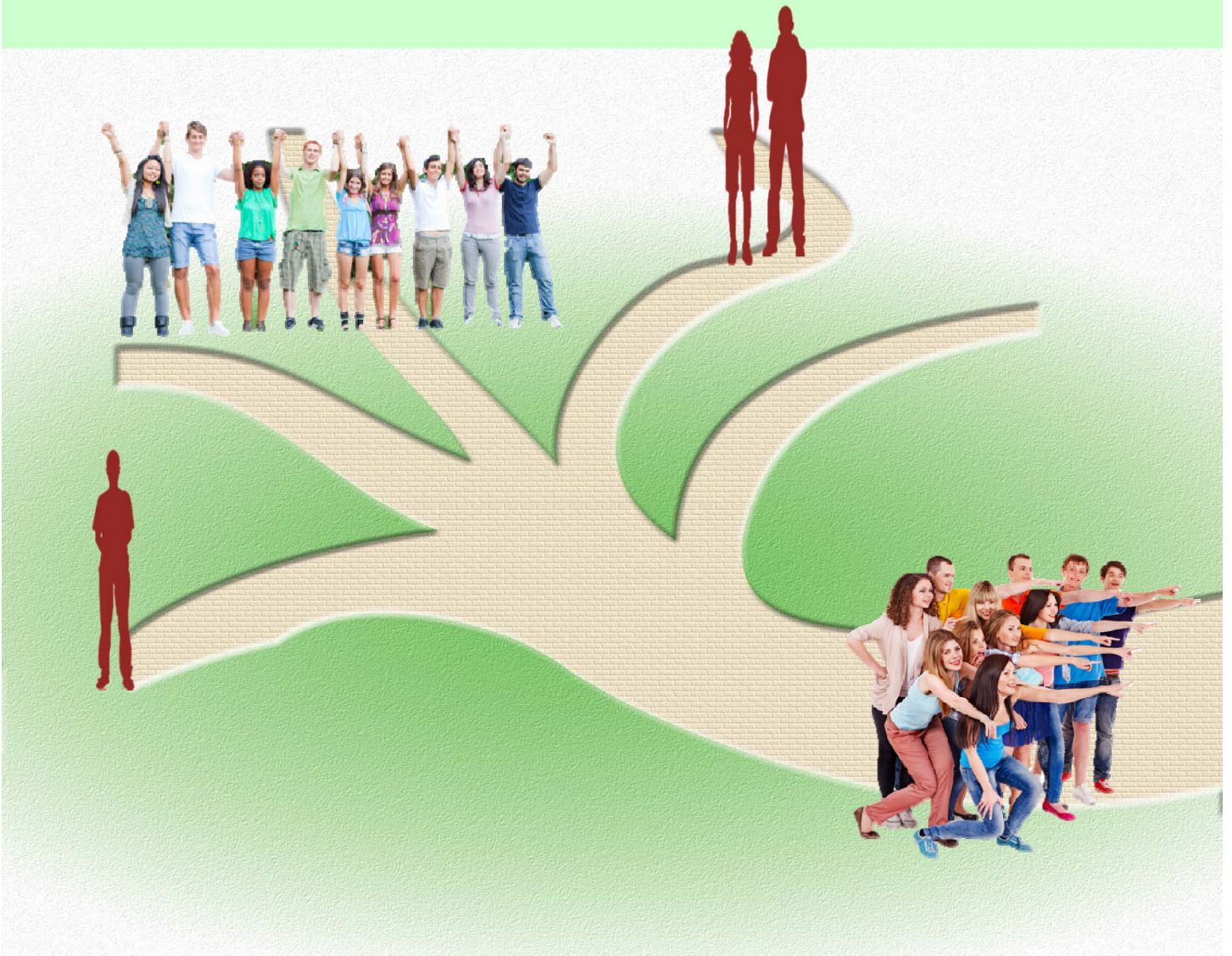
	Fiscal			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	Budget	Budget	Budget	Budget
Family Strengthening	\$ 7,266,421	\$ 9,654,398	\$ 9,316,780	\$ 9,392,012
Child Welfare/Adoption Promotion	966,288	644,457	502,773	666,560
Youth Development	1,747,575	3,858,414	4,073,174	6,828,797
Delinquency Prevention	2,939,373	3,262,796	3,487,923	3,260,657
Independent Living	500,000	499,878	524,117	1,109,043
Special Needs	2,649,182	6,121,192	11,666,528	12,879,440
Out of School Time	15,278,623	16,813,167	15,408,202	15,074,138
Early Child Education	5,776,000	6,000,000	6,064,002	6,629,269
Physical Health	1,554,816	1,799,815	1,941,460	2,313,520
System Goals	2,527,331	2,493,452	2,494,019	2,646,187
Unalloc	615,217	233,483	551,781	591,428
TOTAL	\$ 41,820,826	\$ 51,381,052	\$ 56,030,759	\$ 61,391,051

Source: Children's Services Council, Finance Administration

Year						
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Budget	Budget	Budget	Budget	Budget	Budget	Budget
\$ 12,037,427	\$ 11,402,429	\$ 12,369,120	\$ 11,279,033	\$ 11,894,698	\$ 12,083,464	
322,620	135,000	135,000	135,000	135,000	160,000	
7,667,084	6,667,236	6,981,814	5,969,318	6,105,422	6,892,313	
3,379,521	2,854,521	2,904,521	2,964,398	2,988,398	3,018,398	
1,433,144	1,351,756	1,325,000	1,575,000	1,575,000	1,620,200	
11,568,884	12,331,063	9,994,748	9,930,834	9,735,281	9,732,320	
12,639,864	13,981,899	12,821,033	11,937,672	12,060,942	11,057,680	
6,509,108	6,566,390	7,260,000	6,764,045	6,682,700	7,306,189	
2,909,150	2,921,080	2,173,077	2,002,631	1,951,276	1,952,276	
2,480,838	2,037,043	1,928,863	1,963,019	2,161,593	2,298,712	
1,663,982	54,848	75,331	202,241	60,629	8,154	
\$ 62,611,622	\$ 60,303,265	\$ 57,968,507	\$ 54,723,191	\$ 55,350,939	\$ 56,129,706	



INTERNAL CONTROLS & COMPLIANCE SECTION





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

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

We have audited, in accordance with the 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 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, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated February 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Fort Lauderdale, FL
February 20, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the 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 the Council's major federal program for the year ended September 30, 2013. The Council's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on the Major Federal Program

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, 2013.

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Fort Lauderdale, FL
February 20, 2014

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Federal Agency, Pass-through Entity, Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name:				
Indirect Programs:				
Department of Education - Pass-through:				
The School Board of Broward County, Florida - 21st Century Community Learning Centers				
	84.287	Agreement	\$ 191,541	\$ 182,400
Florida Department of Education 21st Century Community Learning Centers				
	84.287	12A-2442A-2P001 and 12A-2443A-3PCC1	632,502	573,108
Department of Health and Human Services - Pass-through:				
The State of Florida Department of Children and Families - Foster Care - Title IV-E				
	93.658	Interagency Agreement	78,740	-
Adoption Assistance -				
	93.659	Interagency Agreement	30,531	-
The State of Florida Department of Health and Human Services - Medical Assistance Program				
	93.778	---	122,426	-
Total Expenditures of Federal Awards			<u>\$ 1,055,740</u>	<u>\$ 755,508</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

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, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (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 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	\$ 755,508

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified 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

Internal control over major awards program:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified ?

_____ Yes X None Reported

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

Unmodified Opinion

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

_____ Yes X No

Identification of major 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, 2013

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, 2013

PRIOR YEAR COMMENTS AND STATUS

The following addresses the status of the findings reported in the fiscal year ended September 30, 2012 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.

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

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

We have audited the accompanying financial statements of the Children's Services Council of Broward County (the Council), Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated February 20, 2014.

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 Chapter 10.550 Rules of the Florida Auditor General and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 20, 2014 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 auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no 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.

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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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 Council was established by Chapter 19892, Laws of Florida, Act of 1939. In 1955 this was repealed and the Council was re-created under Laws of Florida, Act of 1955. The Council does not have any component units.
- Section 10.554(1)(i)6.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)6.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, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i) 6.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. This assessment was done as of the fiscal year end.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Marcum LLP
Fort Lauderdale, FL
February 20, 2014





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.

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Call Us: (954) 377-1000

Email: info@cscbroward.org