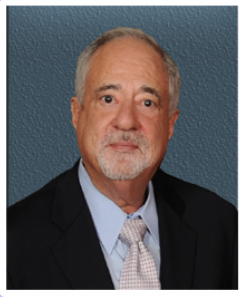




Comprehensive Annual Financial Report for Fiscal Year Ending September 30, 2014

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

Council Members



Judge
Martin R. Dishowitz
Judicial Member

SECRETARY



Robin Bartleman
School Board
of
Broward County
CHAIR



Kim Gorsuch
Circuit 17 Administrator,
Department of Children
and Families

VICE CHAIR



Dr. Paula Thaqi, Director,
Broward County Health
Department



Emilio Benitez
Governor Appointee



Maria M. Schneider
Governor Appointee



Sue Gunzburger
Commissioner



Ana Valladares
Governor Appointee



Tara R. Philipp
Governor Appointee



Robert W. Runcie
Superintendent



Elyse Claprod
Governor Appointee

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Children's Services Council Of Broward County, Florida

for the

Fiscal Year Ended September 30, 2014

Issued By:

Cindy J. Arenberg Seltzer, President/CEO

Prepared By:

Financial Management:

Monti Larsen, Chief Operating Officer

Kathleen Campbell, Controller



Children's Services Council

of Broward County

Our Focus is Our Children.

CHILDREN’S SERVICES COUNCIL OF BROWARD COUNTY
Comprehensive Annual Financial Report
For The Fiscal Year Ended September 30, 2014

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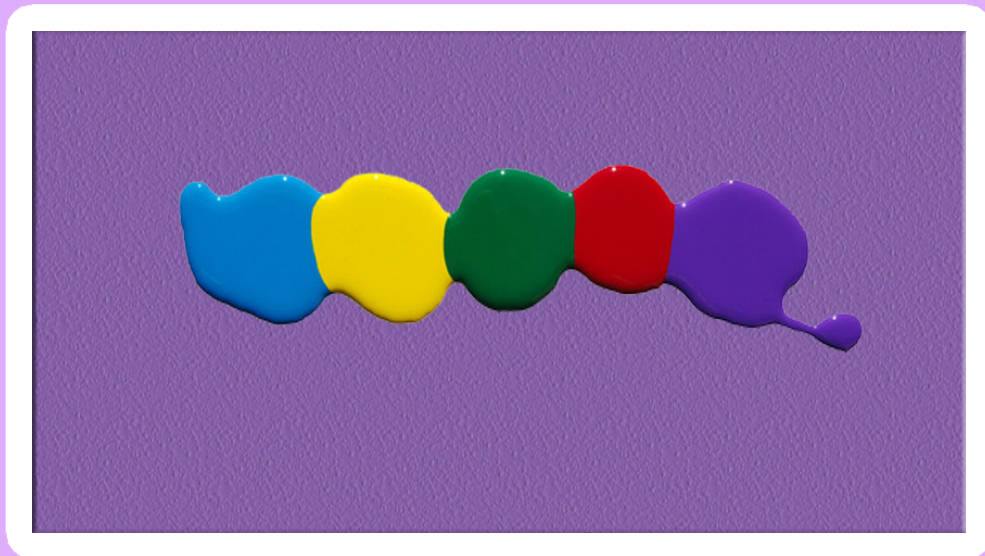


Children's Services Council

of Broward County

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INTRODUCTORY SECTION





Children's Services Council

of Broward County

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**CHILDREN'S
SERVICES COUNCIL MEMBERS:**

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

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

*Emilio Benitez, Secretary
Governor Appointee*

*Elyse Clapgood,
Governor Appointee*

*Judge Martin Dishowitz
Judicial Member*

*Sue Gunzburger
Broward County Commission*

*Tara R. Philipp
Governor Appointee*

*Robert W. Runcie
Superintendent
Broward County Public Schools*

*Maria M. Schneider
Governor Appointee*

*Dr. Paula Thaqi
Director
Broward County Health Department*

*Ana M. Valladares
Governor Appointee*

STAFF

*Cindy J. Arenberg Seltzer
President/CEO*

LEGAL COUNSEL

John Milledge

Garry Johnson

February 19, 2015

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, 2014. 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 third 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, 2014 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, 2014, 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 Reporting 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 auditors.

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 Florida Legislature passed a law in 2010 that required all of the state's eight Children's Services Councils to be reauthorized by the voters in their counties via a local referendum. The prescribed dates for the referenda were based on the size of the County, but there was an option for earlier ratification provided the vote took place during a general election. While Broward's deadline was November 2016, the Council approved going before the voters during the general election in November 2014. Four other Children's Services Councils also held their referendums in November 2014. The voters in Okeechobee, St. Lucie, Martin, Palm Beach and Broward Counties all overwhelmingly and enthusiastically endorsed the work and worth of each of these Children's Services Councils are doing in their communities. The referenda in Hillsborough and Pinellas counties will take place in November 2016 followed by Miami-Dade County in November 2020.

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 was filled June 2014 with a new Governor appointee. 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 most populated county in the state and one of the most diverse counties in Florida. Interesting facts include: Broward County is a minority-majority county with 43.5% White Non-Hispanic, 25.8% Black Non-Hispanic, 25.3% Hispanic or Latino and 5.4% other; 32% are foreign born, 36% were born in other cities in the United States and 32% are born in Florida. There are an estimated 1.8 million people living in Broward County, of which 412,000 are children. 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

Since its inception in 2001, 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. 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 48 different working committees and 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 consider County-wide trend data, reaffirm existing goals or establish new goals based on the feedback from the ongoing work of the various Committees from the County-wide Children's Strategic Plan. Next, they assess fiscal and social return on investment data, and review the outcome and utilization history of funded goal areas. For those contracts that are performing well, they are renewed for the upcoming year. If any new goals or initiatives are

identified, staff researches best practice, evidence-based programs to address any these newly identified areas, procure specific services through the social service network, and assess 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 Truth-in-Millage (“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 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. Five years ago, the Council moved into its 31,500 square foot Silver LEED (Leadership in Energy and Environmental Design) headquarters building which was completely paid through Reserves. The building has become a central place for community meetings and trainings; for fiscal year 2013/14, there were nearly 170 community meetings in addition to 144 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 no large capital related expenditures on the horizon.

Work and Worth of the CSC

As stated above, the Council engaged in a broad outreach effort this past year to ensure the citizenry understood of the work and worth of the Children’s Services Council of Broward County. Prohibited from organizing a political campaign, it was up to those who knew the value of having an organization dedicated to meeting the needs of children to raise private dollars for all political activity. For many years, the Council was content to stay in the background allowing the funded agencies to be in the forefront due to their relationship with the children and families and their need to raise additional dollars from the public. But with a referendum looming, that needed to change. A survey conducted at the beginning of the process highlighted that only 35% of the Broward residents knew who the CSC was, while 75% - 80% supported the work being done.

Many agencies and children's advocates stepped up and proudly supported the story of CSC and let others know that many of the programs and services they loved were actually funded by the Council. The business community was especially impressed by the outcomes being achieved, the fiscal and administrative accountability and overall transparency practiced by the Council.

The Public Awareness budget for Fiscal Year 2014 was \$889,987 which was an increase of \$266,576 or 42.8% from the prior year. It was important for this year that the CSC story be told and once voters knew what the Council did: its history of solid financial management, its high standards of transparency and accountability and its proven record of providing quality, evidenced based programs with compelling outcomes, voters overwhelmingly voted to reauthorize the Council with a 76.6% YES vote! The Council looks forward to harnessing all of the positive energy generated through this process into even greater opportunities for children and families in the future.

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.

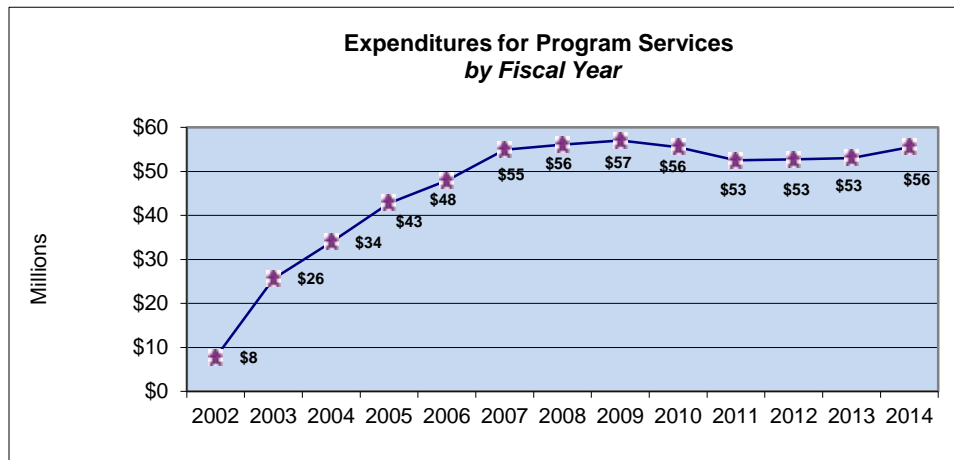
The County was deeply affected by the economic downturn in all sectors. Especially hard hit was the housing industry. For a few years, Broward County led the nation in the number of foreclosed homes. However, the local economy is rebounding, albeit unevenly, back to "normal". As with any crisis, hard economic times usually results in a substantial increase in demand for social needs throughout the community and these past few years was no exception. Thus, it was much welcome news that the Council was able to grow programs during this fiscal year because increased property values brought in additional revenue and a judicious use of fund balance.

Broward County has been very fortunate and not suffered a direct impact from a hurricane in the past nine years. Nonetheless, 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 record breaking 13.4 million visitors coming to Broward County in 2013. It is projected that they spent about \$10.67 billion in 2013. Broward's hospitality and tourism industry employs more than 14,600 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 September 2014, the first phase of a \$1.4 billion airport expansion project was completed with a new \$791 million 8,000-foot runway. The new runway is built to handle up to 425,000 flight annually, although it may take a few years to reach that goal. Additionally, work is ongoing to finish the airport’s modernization project at four terminals and building a new 5th terminal.

Port Everglades, the local seaport, generates nearly \$26 billion worth of business activity annually and supports 11,433 direct jobs and 202,709 jobs statewide. In FY 2013, there was an estimated 3.6 million cruise passengers flowing through the Port. Recently, a \$54 million renovation project was completed to modernize various terminals and enhance the travel experience for arriving and departing visitors.

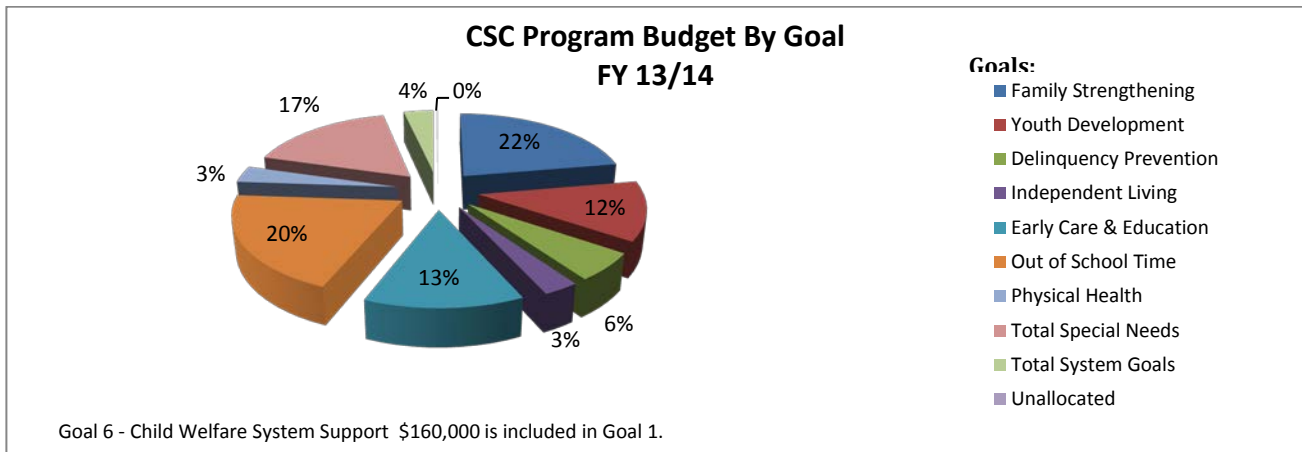
The Council continues to strive to maximize services for Broward’s children and families and has carefully used fund balance to maintain or grow needed programs, while maintaining a high level of accountability to the taxpayer. Expenditures for Program Services increased this past year and the provider agencies continue 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 2,300 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 year and is looking forward to building upon those successes to promote further gains for Broward’s children and families. Ninety-three percent of the annual \$66.6 million budget is allocated for children’s services and programs and the related support to serve approximately 100,000 children a year. Throughout this Comprehensive Annual Financial Report, there are financial highlights with explanations and analysis for the various programs. For instance, on page 90 is a ten year trend of programmatic expenditures by goal area and on page 6 in the Management’s Discussion and Analysis section there are specific programmatic highlights for some of the larger goal areas.

Programmatic services are allocated in various goals in order to better serve and report on the comprehensive array of children’s programs that the Council funds. Below is a pie chart depicting the program budget allocation by goal.



The Council also engages in various community partnerships and system building initiatives throughout the Community. Some significant highlights in this area include the following:

- ◆ For the past four years, the Council, together with the School District, local businesses, other organizations and residents supported a Back to School Community Extravaganza to help students with their school supplies. This year the event was the largest to date and helped over 5,500 students return to school with a new backpack filled with all types of school supplies, uniforms, shoes and gently used books. The total cost of the event was over \$100,000 with \$44,000 donated from community partners and an additional \$144,000 of in-kind donations. 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 works closely with various community partners to prevent childhood hunger throughout Broward County. To illustrate one such project, the Council approved \$28,000 for the 2014 Summer Breakspot Mobile Pilot. This pilot project was a partnership between Meals on Wheels, Broward County Housing Authority, Broward Regional Health Planning Council, Florida Impact and the Council working through the South Florida Hunger Coalition to provide nutritious meals at seven public housing sites during the summer months when many children do not have access to food due to school not being in session. The combined resources totaled \$43,000 and served 27,711 meals to 974 children. Outcomes of this successful pilot include children’s fruit consumption increased 42%, fast food consumption decreased by 36% and enjoyment of eating vegetables increased 18%. The pilot was such a success that the Meals on Wheels is looking into expanding the project nationally and the federal government has cited it as a best practice.

- ◆ The Council continued its efforts to create 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 5th year, the Council through SNAC sponsored the “Transition to Adulthood” where 250 youth with special needs and their parents attended training workshops focused on self-advocacy, post-secondary planning and independent living skills. The event included a service component with an “Access to Benefits” section where participants could apply for services on the spot. The feedback for this workshop 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. For fiscal year 2014, the Council spent \$281,566 to promote EITC which resulted in \$5.2 million in additional tax dollars being refunded to residents in Broward County. Over the years, this outreach has expanded to incorporate financial literacy, access to Kid Care (children’s 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 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. Resources are then provided to help address those needs. This Committee also provides input for the Council’s training agenda.

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 to successfully manage CSC funding. Provisions for smaller maximum funding awards and Fiscal Agent partnership opportunities were developed to 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 2014-2015 is \$71 million, which includes \$981,669 budget carry forward from the prior fiscal year and \$3.3 million of fund balance. Using \$4.3 million of existing funds coupled with the increase in property values, the Council was able to increase the 2014-15 fiscal year budget for much needed programs and services without raising the millage rate. 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, 2013. This was the twelfth consecutive year that the Council was eligible and received 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 and the day-to-day work of the CSC. Special thanks go to the Council Members for their vision, expertise and dedicated service and support.

Respectfully Submitted,


Cindy J. Arenberg Seltzer
President/CEO

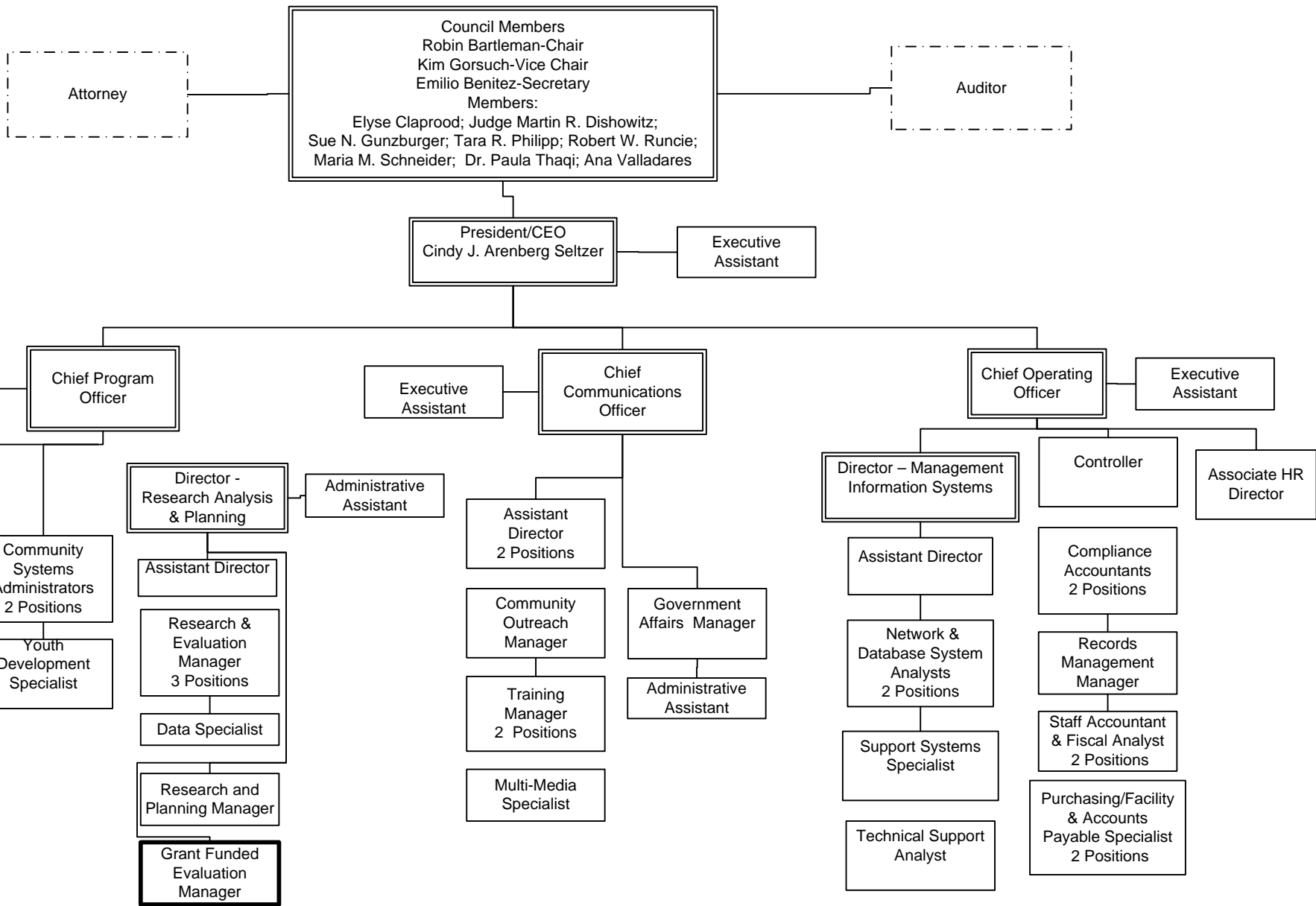

Monti Larsen
Chief Operating Officer

Children's Services Council of Broward County

Organizational Chart and List of Principal Officials

Fiscal Year 2013-2014

Broward's Children and their Families





Children's Services Council

of Broward County

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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, 2013

Executive Director/CEO

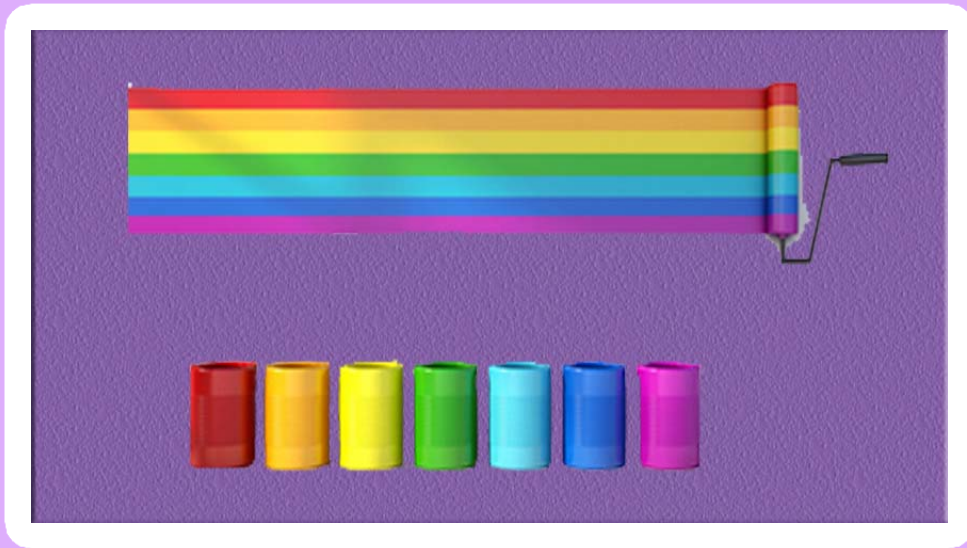


Children's Services Council

of Broward County

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FINANCIAL SECTION





Children's Services Council

of Broward County

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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 fiscal year ended September 30, 2014, 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 auditors' 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, 2014, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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, 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 sections 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 19, 2015, 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 19, 2015



Children's Services Council

of Broward County

Our Focus is Our Children.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

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 ending September 30, 2014. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 27.

FINANCIAL HIGHLIGHTS

Fiscal year ending September 30, 2014 concludes the Council's thirteenth 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 Broward 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:

- ◆ Assets exceeded liabilities at the close of fiscal year 2013/14 by \$20.6 million (net position). Of this amount, \$12.6 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 decreased slightly by \$805,823 which represents a 3.8% decrease. This spending down of net position was intentional and appropriated in the fiscal year for various services and programs.
- ◆ At the close of the fiscal year, The Council's governmental funds reported a fund balance of \$13,325,753 a decrease of 3.9% or \$534,813 from the prior year. Approximately 17.3% or \$2.3 million is available for spending at the Council's discretion (*unassigned fund balance*).
- ◆ Levied tax revenue generated through the TRIM process totaling \$61.4 million, which was an increase of \$1.8 million or 3% from the prior year. This increase stemmed primarily from overall higher property values throughout the County. While the increase was noteworthy in light of the past several years of static or declining revenues, the needs of the community for services remain quite high.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

- ◆ Comparing Fiscal Year 13 to Fiscal Year 14, the Council's total operating budget increased \$3,003,113 or 4.8%. This increase was significant to the community after the past several years of either stagnant or declining operating budgets. The Council is cautiously optimistic that this year's increased budget is a sign that the years of declining property values has leveled off and this positive increase helps to provide much needed services.
- ◆ The Council appropriated over \$3.7 million of fund balance and budget carry-forward in Fiscal Year 14 to help offset tax increases which, in turn, maintains or expands much needed programmatic services. The Council has historically used a portion of fund balance for this purpose. With this budget increase, many programmatic goal areas were increased based on specific needs identified with input from the county-wide Children's Strategic Plan Committee. 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 20% of the overall program budget, an increase of \$539,122 or 4.9% from the prior year. The additional resources allowed the Council to restore some out-of-school days that were cut during the lean years; thus, giving the children additional time in programs and helping parents know that their children are safe and productive on non-school days. 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:
 - 92% of students improved their reading;
 - 80% of students improved their math skills;
 - 98% of students improved homework completion; and
 - 100% of students remained safe.

Services are provided at over 100 school and community-based locations throughout the County, serving about 8,300 children in the general population.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

Additionally, the Council provides these out-of-school time programs for children with Special Needs which includes those children and youth with special physical, developmental and behavioral conditions. The programs offer a safe, positive environment afterschool and during the summer that enhance academic achievement, support social, developmental and physical activities and provides educational field trips and cultural arts opportunities. Flexible and individualized staff-to-child ratios promote effective interaction with each child. Expenditures for these programs totaled \$7.7 million which is a \$342,885 or 4.62% increase from the prior year. Outcomes highlight 80% of children improved reading and language development and 99% of children remained safe.

- The Council was also able to expand programs for middle school students. Last year, funding for Youth FORCE (middle school) programs increased \$262,130 or 6.6%. Services in this goal area target 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 year-round 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 100% did not obtain any new law violations while in the program.
- To round out the school-based age continuum the Council, in partnership with the local School Board and the Florida Department of Education ("FDOE") has applied for and has been the recipient of multiple 21st Century Community Learning Centers ("21st CCLC") grants. These grants fund year-round high school enrichment programs that provide a broad array of activities that support and complement student's regular academic programs to help them to graduate on time. Transportation and USDA snacks are provided by the School District.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

For Fiscal Year 14, one of the 21st CCLC grants for two high schools ended in August - at about the same time that the Council was awarded a new grant for three additional schools. It has been the Council's practice that as FDOE funding sunsets, the Council continues to provide services for these low performing high schools. The Council is one of only a handful of agencies nationwide that are able to sustain these very important programs; there are now five high schools that are fully sustained through Council funding.

The Council has two current 21st CCLC grants, coupled with Council funding as match, that provide six high schools with these enriched services. All eleven 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. Outcome results for this challenging age group speak for themselves: 69% of youth improved reading skills; 66% improved math grades; 67% improved science grades; and 99% had no external suspensions or decreased the number of suspensions from the prior year.

- It is often difficult for youth to find meaningful summer employment opportunities in the best of economic times but with the continuing lackluster economic conditions, it becomes quite difficult. The Council funds the Summer Youth Employment Program ("SYEP"), providing young people 16-18 years old who are economically disadvantaged or aging out of foster care the opportunity to improve their workplace skills with real job experience, earning minimum wage. The Council's \$1.5 million has remained level over the past four years and provided employment opportunities for 547 low income teens at 160 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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

ensuring youth being served in other CSC-funded programs were afforded the opportunity to participate. Program outcomes remain quite strong as 95% of youth successfully completed the program; 94% demonstrated employability and job skills proficiency; and 96% of employers reported satisfaction with the youth employees and overall program administration.

- The Council also 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 support for 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 provide 329 young people with disabilities with job training and summer employment, supported by on-site professional "job coaches" at 38 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 see potential for independence for their children and employers see the benefits for both the youth and business co-workers. Over the years, several youth have been able to successfully transition to a non-supported work environment after completing 1 or 2 summers in the STEP program. Expenditures for this program were slightly increased to \$1.5 million or 3% from the prior year.
- New Delinquency Alternatives for Youth or "New DAY," programs help young offenders with less serious law violations to be diverted from the juvenile justice system and learn a "life lesson" rather than be stigmatized by the delinquency system – a mark which carries into adulthood. This and other diversion programs total \$3.2 million which is an increase of \$231,767 or 7.8% from last year's expenditures. New DAY programs served 1,562 youth in fiscal year 2014. The successful outcomes for this program include: 87% of all youth referred by the State Attorney successfully completed all diversion requirements which typically include community service, apology letters

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

and/or restitution to victims, counseling to give youth a second chance, curfews, etc. Of those youth, 88% 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 unstable economic times may lead to increases in abuse and neglect, the budget for Family Strengthening programs was increased by \$280,565 or 2.25% to meet the escalating needs of the community. This goal comprises 22% of the overall program budget for a total commitment of \$12.7 million and serves over 2,500 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 12 months of completion, 92% of participants demonstrated improved family functioning, and 95% maintained and/or decreased the level of which they experienced parenting stress.

- The Council released one Request for Proposal ("RFP") and several Requests for Qualifications ("RFQ") this past fiscal year. The release of RFPs/RFQs continue services and administrative initiatives. Issuing new procurements provide opportunities for new program elements or evidence-based practices identified through the Council's "lessons learned" approach to continuous quality improvement. The RFPs/RFQs included: 1) New Day Delinquency Diversion programs, Legal Advocacy and a new legal helpline for youth and their parents; 2) RFQ for Public Affairs/Community Outreach and Insurance Broker Services.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

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 27 and 28) 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 30. 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 35 – 58) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements, and is required by the United States Generally Accepted Accounting Principles ("GAAP"). This report also contains other required supplementary information in addition to the basic financial statements starting on page 60.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances 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.

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

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. However, a decrease in net position over the next few years is not necessarily an indication of deteriorating financial health. It is anticipated that net position will decrease over the next few years as the Council very carefully weighs the local economic environment with the need for services, and strategically uses fund balance to offset rising millage rates as well as growing programs in identified areas where the community need is greatest.

As mentioned under the Financial Highlights section, property values increased in most areas of the county an average of 4.46%. While the Council was able to slightly reduce the millage rate 0.0020 mills or 0.41% from the prior year, the net result was an additional \$1.8 million of tax revenue available for children's services. This increase in property values was very welcome news as the South Florida area was deeply affected by the real estate slowdown with multiple years of declining property values and persistently high foreclosure activity.

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

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. The reconciliation statement describes the differences between government-wide 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) at the end of the related fund financial statement.

While some funds are required to be established by State law, currently the Council uses the General Fund and Special Revenue Fund as defined by the Governmental Accounting Standards Board ("GASB") Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. These standards clarify how governments account for various transactions and are incorporated in these financial statements. Additionally, all governments are required to present consistent fund balance information which will improve financial reporting. More information on the fund balance categories and the respective amounts can be found in the Notes to the Financial Statements beginning on page 35.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

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. During the fiscal year the Council had three grants for the Department of Education Twenty-First Century Community Learning Centers ("21st CCLC") program; two grants awarded directly from Florida Department of Education ("FDOE") and a second, smaller grant funded from FDOE through the Broward County School Board that ended in August. One of these grants awarded directly to the Council was awarded in the last weeks of the fiscal year and there was no activity recorded.

The Council adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for both funds and can be found starting on page 60 of the report.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 35 - 58 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The individual fund statements with budget to actual comparisons and the schedule of funding progress – other postemployment benefits plan are found on pages 60 to 63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Council's thirteenth year of generating tax revenue, assets exceeded liabilities by approximately \$20.6 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. This is not an indication of the Council's deteriorating financial condition.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

This current year there was a decrease in net position as explained below.

CSC's Net Position As of September 30,

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Variance</u>
Current Assets	\$ 18,420,965	\$ 19,198,496	\$ (777,531)
Capital Assets	7,998,742	8,207,025	(208,283)
Total Assets	<u>26,419,707</u>	<u>27,405,521</u>	<u>(985,814)</u>
Current and Other Liabilities	5,146,592	5,385,418	(238,826)
Long-Term Liabilities	691,992	633,157	58,835
Total Liabilities	<u>5,838,584</u>	<u>6,018,575</u>	<u>(179,991)</u>
Net Position:			
Investment in Capital Assets	7,998,742	8,207,025	(208,283)
Unrestricted	12,582,381	13,179,921	(597,540)
Total Net Position	<u>\$ 20,581,123</u>	<u>\$ 21,386,946</u>	<u>\$ (805,823)</u>

- ◆ The change in current assets from Fiscal Year 2013 to Fiscal Year 2014 was \$777,531 or 4% and was due primarily to the spending down of cash and investments. Spending down fund balance for services was intentional for the Fiscal Year 2014 and does not reflect weakening financial health.

Investment in Capital Assets decreased from the prior year. Net changes in this line item of \$208,283 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. Once it is determined that the capital assets are no longer useful, they are donated to a local foundation that works with children and adults with developmental disabilities to recycle/refurbish electronic equipment.

The Work-in-Progress ("WIP") category, which is included in Capital Assets, relates to the in-house and consultant driven development of various software. Several years ago, the Council implemented GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*, which required all intangible assets to be classified as capital assets. The current WIP balance of \$2,801 is related to software development and will be completed in the subsequent fiscal year.

Total depreciation expense was \$391,448, of which \$213,218 was building related, \$59,066 was for Intangible software enhancements and \$119,164 was for computer hardware and software and furniture and equipment.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Management's Discussion and Analysis
Fiscal Year Ended September 30, 2014**

- ◆ The current and other liabilities category is comprised primarily of accounts payable, which decreased by \$238,826, and is chiefly due to the timing of provider invoices for September services. The long-term liabilities category reflects a \$58,835 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 position decreased \$597,540 from the prior year as explained above. This anticipated reduction of net position allowed programs to continue operations through the economic instability. Furthermore, \$981,669 of programmatic and administrative initiatives that began in the current fiscal year will be carried forward into the subsequent fiscal year and an additional \$3.3 million of unrestricted net position 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.

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

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

	FY 2014	FY 2013	Variance
Revenues:			
Property Taxes	\$ 61,362,297	\$ 59,584,505	\$ 1,777,792
Investment Earnings	16,012	90,651	(74,639)
Other	2,072,898	1,959,706	113,192
Total Revenues	63,451,207	61,634,862	1,816,345
Expenses:			
Program Services & Support	59,770,305	57,073,666	2,696,639
General Administration	2,630,644	2,400,360	230,284
Tax Collector and Community Redevelopment Fees	1,856,081	1,716,448	139,633
Total Expenses	64,257,030	61,190,474	3,066,556
Increase (Decrease) in Net Position	(805,823)	444,388	(1,250,211)
Net Position - Beginning of Year	21,386,946	20,942,558	444,388
Net Position - End of Year	\$ 20,581,123	\$ 21,386,946	\$ (805,823)

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2014, property tax revenue increased by \$1.8 million from the prior year. While the millage rate slightly decreased by 0.41% from the prior year's 0.4902 mills to 0.4882 mills, additional tax revenue was generated due to the increase in property values. Florida was deeply affected by the mortgage crisis and had multiple years of declining/stagnant countywide property values. However, property values in South Florida are slowly beginning an upward trend and in this fiscal year there was an average increase of 4.6% overall; hence, the additional tax revenues. Although the Council is authorized to levy up to .5 mills, the Council Members remain quite concerned about any millage rate increases and its effect on taxpayers. The Council continues to use 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 unstable economic times.
- ◆ **Investment earnings** totaled \$16,012 in Fiscal Year 2014, which is a significant decrease of 82% from the prior year. Most of this decrease is due to the write-off of the "gains and losses" associated to the investments in Fund B with 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 managed by the Florida State Board of Administration ("SBA"). Actual interest earnings totaled \$39,624 which was a decrease from the prior year of \$7,568 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 loss of \$23,612 results from the investments in Fund B with the Florida Local Government Funds Surplus Trust Fund which was written off this year due to closing of the Fund. The SBA was able to successfully liquidate Fund B and transfer the Council's proportionate principle balance into its Florida PRIME account. For fiscal year 2014, this resulted in the necessary write-off of \$23,612 of loss in investments resulting in the net investment earnings for the year of \$16,012.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

- ◆ **Other revenue** includes grants, training registration and miscellaneous revenue and for the current year equals \$2,072,898, a 5.8% increase from the prior year. The increase primarily stems from an increase in local grants for programs and various campaigns such as the Back-to-School Extravaganza and Broward Reads program.

Within this classification includes \$1,102,763 from various federal through state grants related to the 21st Century Community Learning Centers grant ("21st CCLC"), 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. This amount is a net decrease of \$62,248 for the fiscal year that stems from various reasons. The decrease of \$113,152 is due to the ending of one small 21st CCLC grant in August. As the 21st CCLC Grants wind down, the federal portion decreases and the match to the Council increases. The increase of \$50,904 in Medicaid revenues was attributable to a backlog of billing from the prior year.

Additional Other Revenue sources total \$970,135 which includes partnerships with local foundations; a pass-through Collaborative Agreement with other Statewide CSC's; training registration fees; several community initiatives such as a Back-to-School Backpack Extravaganza drive and the Broward Reads literacy project wherein contributions were collected; and various small miscellaneous revenues. The difference totaled an additional \$175,440 from the prior year.

- ◆ **Expenses for Program Services and Support**, which includes any related administration, totaled \$59.8 million in fiscal year 2014; an increase of \$2.7 million or 4.72%. This rather substantial increase was budgeted accordingly and is primarily attributable to additional children's services throughout the various programs, such as out-of-school-time, family strengthening, early childhood education, etc. and a few additional staff to help manage the increased workload.

The total budget for Program Services had a much welcome increase of \$1.9 million from the prior year and funded agencies continue to fully utilize their contracts (as described on page 21), thus demonstrating a thorough programmatic reach. As the graph on the following page illustrates, 93.02% of total expenses support various programs and support services for children and families of Broward County. General Administration totals 4.09% of the Fiscal Year 2014 total expenses and 2.89% represents a non-operating expense for the tax collector and Community Redevelopment fees.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

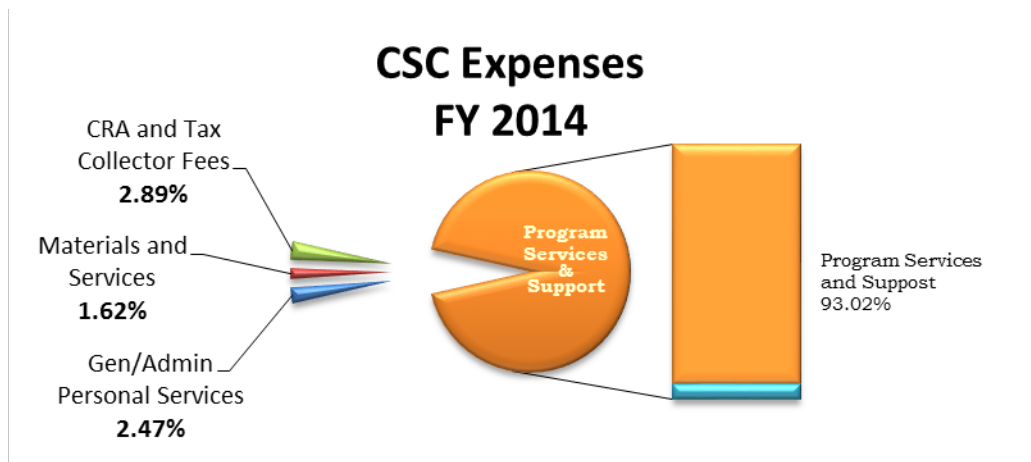
- ◆ **Expenses for General Administration** totaled \$2.6 million in fiscal year 2014, an increase of \$230,284 or 9.6% from fiscal year 2013. This increase helped to restore some of the cumulative administrative reductions over the past several years, as well as allowed for adding additional staff to support the increased workload. Moreover, general administrative costs only represent 4.09% 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 2.89% of the administrative expense. The non-staff expenses for General and Administrative remained relatively flat for fiscal year 2014 with slight increases for purchases of capital equipment, software maintenance, and related consultants, travel, legal, etc.
- ◆ **Tax Collector and Community Redevelopment fees** for fiscal year 2014 increased overall by 8.13% or \$139,633 for a total of \$1,856,081. The Community Redevelopment fees increased \$104,163 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 \$35,470 or 9.7% 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, \$888,912 or 37.9% 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 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2014.



Analysis below separately considers the operations of governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its thirteenth year of operations, the governmental funds (as presented in the balance sheet on page 30) reported a total fund balance of \$13.3 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 41.

- ◆ **Fund balance** decreased a total of \$534,813 from the prior year. The primary reason for this decrease stemmed from additional appropriations for programs predominantly in out-of-school-time, family strengthening, early child education and delinquency prevention goal areas; wherein many of these programs fully utilized their contracts which in turn decreased fund balance. Additionally, fund balance included \$76,899 of Non-Spendable funds for prepaid items.

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 expand services for children and their families. Accordingly, \$3,310,000 is Assigned for Subsequent Year's Budget for fiscal year 2014-15. Additionally, \$981,669 of fund balance is assigned for various

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

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 \$6.6 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 \$2.4 million.

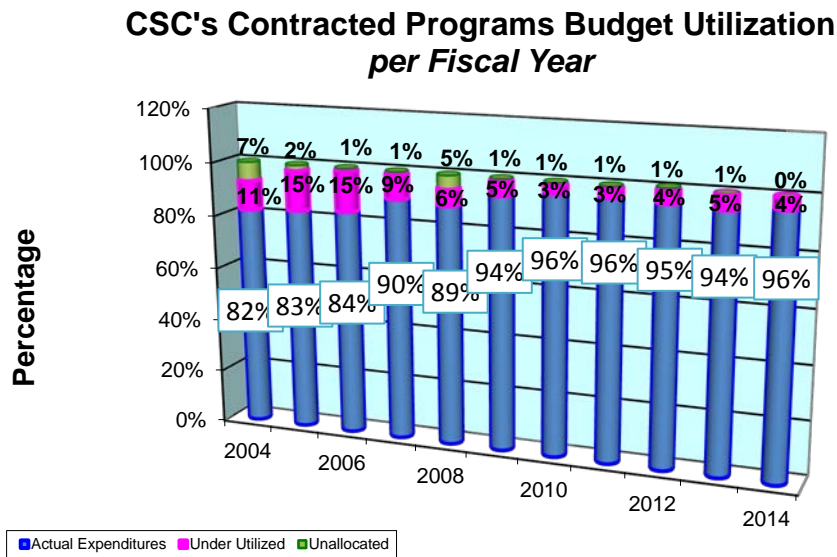
- ◆ **Budget amendments** are prepared over the course of the year allocating appropriations from one line item to another to prevent budget overruns. Actual charges (expenditures) to appropriations (budget) were \$3.3 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$2.5 million) occurred in Program Services reflected in the Council's General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual found on pages 60-63. This variance is due to several factors related to programs and services. To illustrate:
 - For most contracts, the Council requires that service provider's invoice be based on "units of service", not reimbursement of expenses. Consequently, if a provider does not provide all of the services that were anticipated, the contract is under-utilized. This method of invoicing allows the Council to only pay for services actually provided. The Council monitors utilization throughout the year and continues to work closely with those providers to help them provide the services and, therefore, utilize the available funds. The budget variance affected by under-utilization of the contracts is 4% or \$2,476,665.
 - The budget for Fiscal Year 14 included \$63,074 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 have flexibility in meeting unexpected needs of the community.

CHILDREN’S SERVICES COUNCIL OF BROWARD COUNTY

**Management’s Discussion and Analysis
Fiscal Year Ended September 30, 2014**

- The budget variance for Program Support was \$530,237 and was primarily salary/benefit lapse, which is the direct result of administrative efficiencies and scrupulous accountability. General Administration budget variances totaled \$310,228 and was caused from salary/benefit lapse, software maintenance and facilities management; further demonstrating fiscal judiciousness throughout the Organization. Additionally, there were \$7,245 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.



Alternatively, resources available for appropriation (revenues) were \$95,452 less than the final budgeted amount. This negative variance is primarily the result of lower collections of the ad valorem tax revenues.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

OTHER ASSETS and OTHER OBLIGATIONS

At the end of Fiscal Year 2014, the Council had \$8 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 2015 budget and tax rates during their May 2014 Budget Retreat. Council Members are always 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 within the local economy.

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. While the local economy has improved in some sectors and unemployment is lower than in the past few years, many families continue to exist in a state of persistent financial insecurity and are one financial emergency away from poverty, cited a recent study conducted by the Corporation for Enterprise Development. In Broward County, 45 percent of households are considered "cash poor" due to the high cost of living, even as the housing market has "bottomed out" and begun to rebound in certain areas. The cost of housing in South Florida accounts for nearly 40% of an average household's expenses, compared with 33.2% nationally, according to the US Bureau of Labor Statistics.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

While there are mixed indicators when assessing Broward County's housing sector, there are hopeful signs that a recovery, albeit an uneven recovery, is starting to take hold. The negative trend in property values leveled off last fiscal year with a slight 1.46% increase in property values and for the current fiscal year, there was a notable increase of 4.46% increase. However, the foreclosure activity continues to have an effect and new foreclosures increased in Broward County by 8.41% in 2014 from 2013. Total foreclosures through December for 2014 were 10,635 as compared to 9,810 in 2013. This is unfortunate news since foreclosures in this area led the nation for several years. Nevertheless, it takes more than 2 years for a foreclosure to work its way through the system, so it will be important to continue to monitor these trends. Many local economists continue to point out hopeful signs within the housing sector and project that property values should continue their upward trend.

The local inflation rate slightly increased this year to 1.9% from 1.1% last year within the greater Fort Lauderdale/Miami region. Inflation tends to run higher in this region due to the high cost of living. As noted above, high housing costs coupled with expensive property insurance because of the vulnerability of hurricanes (although there has not been a major storm in the area for nine years), contribute to this higher local consumer price index than the national average.

Unemployment in Broward County as of September 2014 slightly decreased to 5.2% down from 5.6% from the same time last year. The local unemployment data is lower than the State's unemployment rate of 6.1% and somewhat lower than the national rate of 5.9%. The continued decrease in the unemployment rate for Broward County is welcome news; however, with the mixed economic indicators noted above, it that further proof that the local economy is unpredictable and a robust economic recovery has not yet taken a firm hold.

There was some positive economic news, such as the completion of the \$791 million airport runway expansion which was estimated to have contributed more than \$1 million per day to the local economy and generated 11,000 jobs. Additionally, Port Everglades' generates nearly \$26 billion worth of business activity annually and supports 11,433 direct jobs and 202,709 jobs statewide. 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2014

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. For the upcoming 2014-2015 fiscal year, local property values had a substantial increase of 7.18 percent which allowed the Council Members to maintain the millage rate at 0.4882 mills but generate an additional \$4 million of tax revenue. Additionally, the Council members voted to appropriate \$3.3 million of fund balance, coupled with \$981,669 of budget carry forward. With these additional resources, the Council was able to grow many of the programs and services to help meet the ever-growing needs within the community.

During the 2010 legislative session, the Florida Children's Services Council accepted an agreement with state lawmakers that required the state's eight Children's Services Councils to be re-approved by the voters in their counties via a local referendum. The referendums for five of the eight counties took place in November 2014. The voters in Okeechobee, St. Lucie, Martin, Palm Beach and Broward Counties overwhelmingly and enthusiastically endorsed the good works that each of these Children's Services Councils do and the long-term investments that are being made in the lives of children and families in their communities. The referendum in Hillsborough and Pinellas counties will take place in 2016 followed by Miami-Dade County in 2020.

REQUESTS FOR INFORMATION

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



Children's Services Council

of Broward County

Our Focus is Our Children.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Net Position
September 30, 2014

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 3,467,008
Investments	14,449,736
Accounts and Interest Receivable	101,267
Due From Other Governments	326,055
Prepaid Items	76,899
Total Current Assets	18,420,965
Other Assets:	
Capital Assets, Not Being Depreciated:	
Land	2,500,000
Intangibles - Work In Progress	2,801
Capital Assets, Net of Accumulated Depreciation:	
Building and Related Infrastructure	5,190,857
Intangible Assets (E-learning)	88,287
Computer Hardware/Software	214,035
Furniture and Equipment	2,762
Total Capital Assets	7,998,742
Total Assets	26,419,707
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	4,884,660
Due To Other Governments	150,286
Unearned Revenue	60,265
Expected to be paid within one year:	
Compensated Absences	51,381
Total Current Liabilities	5,146,592
Noncurrent Liabilities:	
Expected to be paid after one year:	
Compensated Absences	462,428
Net OPEB Obligation	229,564
Total Noncurrent Liabilities	691,992
Total Liabilities	5,838,584
NET POSITION	
Investment in Capital Assets	7,998,742
Unrestricted	12,582,381
Total Net Position	\$ 20,581,123

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



Children's Services Council

of Broward County

Our Focus is Our Children.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Activities
Fiscal Year Ended September 30, 2014

	Governmental Activities
Expenses:	
Program Services:	
Program Services	\$ 56,159,891
Program Support	3,610,414
Total Program Services	59,770,305
General Administration:	
Personal Services	1,588,115
Materials and Services	1,042,529
Community Redevelopment and Tax Collector Fees	1,856,081
Total General Administration	4,486,725
Total Expenses	64,257,030
Program Revenue:	
Grant Funding, Restricted	710,891
Net Program Expense	63,546,139
General Revenues:	
Property Taxes	61,362,297
Investment Earnings	16,012
Grant Funding, Unrestricted	391,872
Miscellaneous Local	970,135
Total General Revenues	62,740,316
Change in Net Position	(805,823)
Net Position - Beginning of the Year	21,386,946
Net Position - End of the Year	\$ 20,581,123

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, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Current Assets:			
Cash	\$ 3,438,448	\$ 28,560	\$ 3,467,008
Investments	14,449,736	-	14,449,736
Accounts and Interest Receivable	101,267	-	101,267
Due From Other Governments	113,009	213,046	326,055
Due From Other Fund	200,000	-	200,000
Prepaid Items	76,899	-	76,899
Total Assets	<u>\$ 18,379,359</u>	<u>\$ 241,606</u>	<u>\$ 18,620,965</u>
LIABILITIES and FUND BALANCE			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 4,843,054	\$ 41,606	\$ 4,884,660
Due To Other Governments	150,286	-	150,286
Unearned Revenue	60,266	-	60,266
Due to Other Fund	-	200,000	200,000
Total Liabilities	<u>5,053,606</u>	<u>241,606</u>	<u>5,295,212</u>
Fund Balance:			
Nonspendable Fund Balance	76,899	-	76,899
Assigned Fund Balance	4,291,669	-	4,291,669
Unassigned Fund Balance	8,957,185	-	8,957,185
Total Fund Balance	<u>13,325,753</u>	<u>-</u>	<u>13,325,753</u>
Total Liabilities and Fund Balance	<u>\$ 18,379,359</u>	<u>\$ 241,606</u>	<u>\$ 18,620,965</u>

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Reconciliation of the Governmental Funds Balance Sheet to
The Government-Wide Statement of Net Position
September 30, 2014

Fund Balance - Total Governmental Funds (page 30) \$ 13,325,753

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	\$ 10,839,034	
Less accumulated depreciation	<u>(2,840,291)</u>	7,998,743

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

Compensated absences		(513,809)
Net OPEB Obligation		<u>(229,564)</u>

Net Position of Governmental Activities (page 27)		<u><u>\$ 20,581,123</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
Fiscal Year Ended September 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 61,362,297	\$ -	\$ 61,362,297
Grant Funding	391,872	710,891	1,102,763
Investment Earnings	16,012	-	16,012
Miscellaneous Local	970,135	-	970,135
Total Revenues	<u>62,740,316</u>	<u>710,891</u>	<u>63,451,207</u>
Expenditures:			
Program Services & Support:			
Program Services	55,452,318	652,447	56,104,765
Monitoring/Outcome Materials	55,126	-	55,126
Employee Salaries and Benefits	3,356,272	52,851	3,409,123
Other Consultants	-	2,829	2,829
Material and Supplies	5,557	-	5,557
Printing and Advertising	11,579	-	11,579
Software Maintenance	43,772	-	43,772
Travel and Other Expenditures	47,777	2,764	50,541
Total Program Administration	<u>58,972,401</u>	<u>710,891</u>	<u>59,683,292</u>
General Administration:			
Employee Salaries and Benefits	1,582,251	-	1,582,251
Legal Fees	36,771	-	36,771
Auditors and Other Consultants	64,835	-	64,835
Materials and Supplies	28,168	-	28,168
Printing and Advertising	14,966	-	14,966
Other General Administration	288,790	-	288,790
Telecommunications	38,042	-	38,042
Travel and Other Expenditures	177,545	-	177,545
Tax Collection Fees	399,544	-	399,544
Community Redevelopment Area Fees	1,456,537	-	1,456,537
Total General Administration	<u>4,087,449</u>	<u>-</u>	<u>4,087,449</u>

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
Fiscal Year Ended September 30, 2014, (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Capital Outlay:			
Computer Hardware/Software	189,867	-	189,867
Furniture/ Equipment	25,412	-	25,412
Total Capital Outlay	<u>215,279</u>	<u>-</u>	<u>215,279</u>
Total Expenditures	<u>63,275,129</u>	<u>710,891</u>	<u>63,986,020</u>
Net Change in Fund Balance	(534,813)	-	(534,813)
Beginning Fund Balance	<u>13,860,566</u>	<u>-</u>	<u>13,860,566</u>
Ending Fund Balance	<u>\$ 13,325,753</u>	<u>\$ -</u>	<u>\$ 13,325,753</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
Fiscal Year Ended September 30, 2014

Net Change in Fund Balance		
Total Governmental Funds (page 33)	\$	(534,813)

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.		(42,975)
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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	\$ 226,141	
Less current year depreciation	(391,448)	(165,307)

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 compensated absences		(38,931)
Change in OPEB Obligation		(23,797)
Change in Net Position of Governmental Activities (page 29)	\$	(805,823)

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, 2014

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 was reaffirmed by an overwhelmingly positive vote for reauthorization on November 4, 2014. The eleven member governing board 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, 2014

A. Reporting Entity, (Continued)

While the Council provides funding for various agencies, each agency is financially independent. The Council has no authority to appoint or hire management of the agencies nor does it have responsibility for routine operations of the agencies. Based upon application of these factors, the Council has concluded that it has no financial accountability 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 the federal grants 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, 2014

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 the net OPEB obligations are recorded only when a payment is due.

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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").

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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

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

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, which have 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 value on the date donated.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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

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 Support. 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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

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*.

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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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

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.

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 its 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 an amount as Restricted Net Position – 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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. 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

G. New Accounting Pronouncements

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 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 year ending September 30, 2014 and 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 are effective for the year ending September 30, 2014. There is no impact to the Council in the implementation of this standard.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

G. New Accounting Pronouncements, (Continued)

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 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 are effective for the year beginning after June 15, 2013. As the Council does not have the managerial or administrative responsibility for the Florida Retirement System, there is no impact to the adoption of this standard for the current year ended September 30, 2014.

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 year beginning after June 15, 2014.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

G. New Accounting Pronouncements, (Continued)

GASB Statement No. 71- In November 2013, the GASB issued Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

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, 2014, the carrying amount of the Council's deposits was \$3,467,008 with a bank balance of \$4,164,376. 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, 2014**

2. DEPOSITS AND INVESTMENTS, (Continued)

Investments

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

Cash and investments as of September 30, 2014 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
Cash Deposits	\$ 3,467,008	-	\$ 3,467,008
Investments with the SBA:			
Florida PRIME	8,289,524	39 days	8,289,524
Wells Fargo Investments:			
Heritage Money Market Fund	5,080,754	16 days	5,080,754
Municipal Cash Management Money Market Fund	1,079,458	13 days	1,079,458
Total Investments	<u>14,449,736</u>		<u>14,449,736</u>
Total Cash and Investments	<u>\$ 17,916,744</u>		<u>\$ 17,916,744</u>

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Council's investment policy limits its investments to high quality investments to control credit risk. For liquidity purposes as well as to control risk, all of the Council's operating investments for fiscal year 2014 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2014**

2. DEPOSITS AND INVESTMENTS, (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Council's investment policy limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Council currently does not have 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, 2014 consists of the following:

	General Fund
Foundation Award	\$ 80,000
Medicaid Billings	13,127
Broward Reads Project	5,125
Registration Fees	620
Interest Receivable	475
Other	1,920
Total Accounts Receivable	<u>\$ 101,267</u>

Accounts Payable, Salaries and Wages Payable and Accrued Liabilities as of September 30, 2014 consists of the following:

	General Fund	Special Revenue Fund	Total Governmental Funds
Funded Providers	\$ 4,714,097	\$ 41,606	\$ 4,755,703
Administrative	133,810	-	133,810
Professional Services & Other	11,109	-	11,109
Salaries and Wages Payable	(17,410)	1,448	(15,962)
Total Accounts Payable and Accrued Liabilities	<u>\$ 4,841,606</u>	<u>\$ 43,054</u>	<u>\$ 4,884,660</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

4. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at September 30, 2014 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 2014 was 0.4882 mills. The Council slightly decreased the millage rate by 0.002 mills or -0.41% under the fiscal year 2012/13 millage rate of 0.4902. 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 2014 levy was based, was approximately \$132.6 billion.

There was no property taxes receivable from the tax collector at September 30, 2014.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2014**

6. CAPITAL ASSETS ACTIVITY

The following is a summary of capital asset activity for the fiscal year ended September 30, 2014:

	Balance at Oct 1, 2013	Additions	Deletions	Balance at Sept 30, 2014
Capital Assets:				
Capital Assets Not Depreciated:				
Land	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Intangibles-Work in Progress	33,820	11,956	(42,975)	2,801
Capital Assets Depreciated:				
Building	6,047,681	-	-	6,047,681
Building Infrastructure	261,756	-	-	261,756
Computer Hardware/Software	1,318,788	171,210	(21,921)	1,468,077
Intangible Assets	198,009	42,975	-	240,983
Furniture and Equipment	317,735	-	-	317,735
Total Capital Assets	<u>10,677,789</u>	<u>226,141</u>	<u>(64,896)</u>	<u>10,839,033</u>
Less Accumulated Depreciation:				
Building	854,042	200,130	-	1,054,172
Building Infrastructure	51,320	13,088	-	64,408
Computer Hardware/Software	1,192,191	83,772	(21,921)	1,254,042
Intangible Assets	93,630	59,066	-	152,696
Furniture and Equipment	279,581	35,392	-	314,973
Total Accumulated Depreciation	<u>2,470,764</u>	<u>391,448</u>	<u>(21,921)</u>	<u>2,840,291</u>
Capital Assets	<u>\$ 8,207,025</u>	<u>\$ (165,307)</u>	<u>\$ (42,975)</u>	<u>\$ 7,998,742</u>

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

Program Administration	\$ 97,964
General Administration	<u>293,484</u>
Total Depreciation Expense	<u>\$ 391,448</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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 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 7.37% for regular employees, 12.28% for DROP employees and 21.14% for senior management of annual covered payroll for the fiscal year. The Council contributions to FRS equal to the required contribution for the fiscal year ending September 30th are as follows:

Fiscal Year	FRS Contribution
2014	\$ 436,756
2013	\$ 317,196
2012	\$ 267,778

b. Deferred Compensation 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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, 2014 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.

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	\$ 19,749
Amortization of Accrued Liability	4,756
Annual OPEB Cost	<u>24,505</u>
Adjustment for Timing	980
Annual Required Contribution	<u>25,485</u>
Interest on Net OPEB Obligation (NOO)	8,231
NOO Amortization adjustment to the ARC	<u>(8,178)</u>
Annual OPEB Cost	25,538
Estimated Annual Employer Contribution (pay-as-you-go)	<u>(1,741)</u>
Change in Net OPEB Obligation	23,797
Net OPEB Obligation - Beginning of Year	205,767
Net OPEB Obligation - End of Year	<u><u>\$ 229,564</u></u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2014**

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

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2014 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>
9/30/2012	\$ 31,425	3.0%	\$ 174,638
9/30/2013	\$ 33,656	7.5%	\$ 205,767
9/30/2014	\$ 25,538	6.8%	\$ 229,564

The funded status of the plan as of October 1, 2013 was as follows:

Actuarial Accrued Liability	\$ 124,465
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 124,465
Funded Ratio	0%
Covered Payroll	\$ 3,790,307
UAAL as a percentage of covered payroll	3.3%

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

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

Significant methods and assumptions used for the valuation are as follows:

Measurement Date	October 1, 2013
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	9%
Payroll Growth	4.0% per year

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2014**

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, 2014 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
2015	\$ 14,088
2016	14,088
2017	8,218
	<u>\$ 36,394</u>

Encumbrances:

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2014 that will be re-appropriated in the subsequent year are as follows:

General Fund:	
Program Services and Support	\$ 453,834
General Administration	430,091
Capital Outlay	97,744
Total Encumbrances	<u>\$ 981,669</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2014**

11. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for fiscal year ended September 30, 2014:

	Beginning Balance Oct 1, 2013	Increases	Decreases	Ending Balance Sept 30, 2014	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 438,181	\$ 326,536	\$ (292,509)	\$ 472,208	\$ 47,221
Sick Leave Accrual	36,697	118,891	(113,987)	41,601	4,160
Net OPEB Obligation	205,767	23,797	-	229,564	-
Total Long Term Liabilities	\$ 680,645	\$ 469,224	\$ (406,496)	\$ 743,373	\$ 51,381

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

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 \$76,899 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

12. FUND BALANCE, (Continued)

- *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 \$4,291,669 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 \$453,834 for various programmatic goals and support in the subsequent year, while the remaining \$527,835 of encumbrances is for general administration and capital outlay. The second category of Assigned Fund Balance is \$3.3 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. 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 \$6,649,110. The remaining Unassigned Fund Balance is \$2,308,075.

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. As of September 30, 2014 the Council reported \$1,102,763 in grant funding, including state matching funds amounting to \$113,730 from the State of Florida Department of Children and Families. The State matching funds are not subject to Florida Single Audit.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2014

13. GRANT FUNDING, (Continued)

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	2014	----	
School Board of Broward County Match			\$ 70,846
FL Department of Education Match			260,276
Total Match			<u>\$ 331,122</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.



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**REQUIRED
SUPPLEMENTARY
INFORMATION**

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
Fiscal Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Ad Valorem Taxes	\$ 61,501,623	\$ 61,501,623	\$ 61,362,297	\$ (139,326)
Grant Funding	300,000	300,000	391,872	91,872
Investment Earnings	50,000	50,000	16,012	(33,988)
Miscellaneous Local	873,605	984,145	970,135	(14,010)
Total Revenues	62,725,228	62,835,768	62,740,316	(95,452)
Expenditures:				
Program Services and Support:				
Program Services	57,818,583	57,928,983	55,452,318	2,476,665
Monitoring/Outcome Materials	70,000	70,000	55,126	14,874
Employee Salaries and Benefits	3,825,070	3,823,510	3,356,272	467,238
Other Consultants	8,000	8,000	-	8,000
Material and Supplies	9,085	9,302	5,557	3,745
Printing and Advertising	11,000	18,758	11,579	7,179
Software Maintenance	71,174	65,024	43,772	21,252
Travel and Other Expenditures	55,991	55,726	47,777	7,949
Total Program Services and Support	61,868,903	61,979,303	58,972,401	3,006,902
General Administration:				
Employee Salaries and Benefits	1,681,349	1,681,349	1,582,251	99,098
Legal Fees	30,000	38,308	36,771	1,537
Auditors and Other Consultants	74,500	73,787	64,835	8,952
Materials and Supplies	49,760	46,350	28,168	18,182
Printing and Advertising	22,657	21,426	14,966	6,460
Other General Administration	371,991	368,317	288,790	79,527
Telecommunications	61,000	61,050	38,042	23,008
Travel and Other Expenditures	215,750	216,560	177,545	39,015
Tax Collection Fees	428,609	428,609	399,544	29,065
Community Redevelopment Area Fees	1,461,921	1,461,921	1,456,537	5,384
Total General Administration	4,397,537	4,397,677	4,087,449	310,228

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
Fiscal Year Ended September 30, 2014, (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Capital Outlay:				
Computer Hardware/Software	189,705	190,721	189,867	854
Furniture/ Equipment	30,819	31,803	25,412	6,391
Building Related Expenditures	2,000	-	-	-
Total Capital Outlay	<u>222,524</u>	<u>222,524</u>	<u>215,279</u>	<u>7,245</u>
Total Expenditures	<u>66,488,964</u>	<u>66,599,504</u>	<u>63,275,129</u>	<u>3,324,375</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,763,736)</u>	<u>\$ (3,763,736)</u>	<u>(534,813)</u>	<u>\$ 3,228,923</u>
Beginning Fund Balance			<u>13,860,566</u>	
Ending Fund Balance			<u>\$ 13,325,753</u>	

NOTE: GAAP serves as the budgetary basis.



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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
Fiscal Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Local Sources:				
Grant Funding	\$ 691,588	\$ 749,753	\$ 710,891	(38,862)
Expenditures:				
Program Services:				
Program Services	642,134	691,138	652,447	38,691
Program Administration:				
Employee Salaries and Benefits	43,690	52,851	52,851	-
Other Consultants	3,000	3,000	2,829	171
Travel and Other Expenditures	2,764	2,764	2,764	-
Total Program Administration	49,454	58,615	58,444	171
Total Expenditures	691,588	749,753	710,891	38,862
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	-	\$ -
Beginning Fund Balance			-	
Ending Fund Balance			\$ -	

NOTE: GAAP serves as the budgetary basis.



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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2013	\$ -	\$ 124,465	\$ 124,465	0%	\$ 3,790,307	3.3%
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%

* 2013/14 Covered payroll is based on 2012/13 increased with payroll growth assumption (4.0% annually).

Funding commenced in 2008.

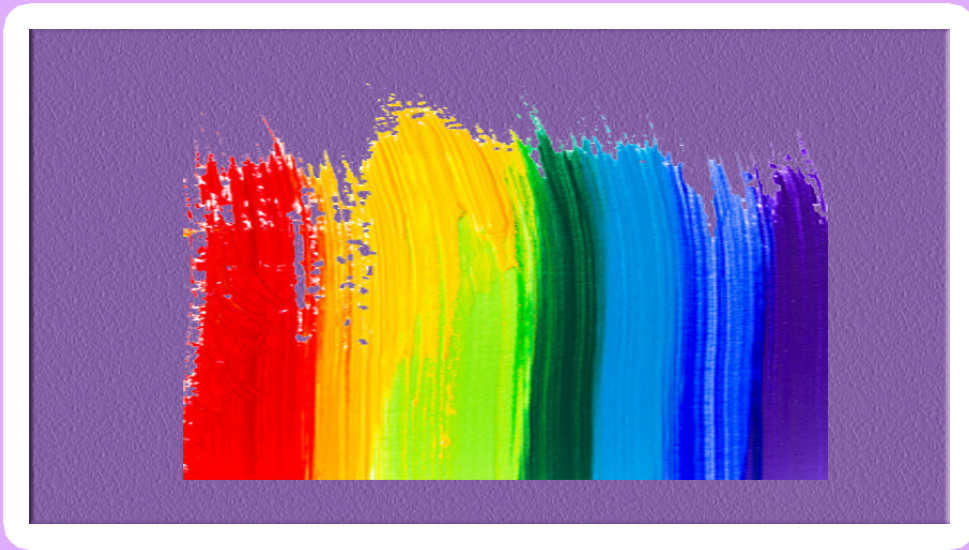


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STATISTICAL SECTION





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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Comprehensive Annual Financial Report For The Year Ended September 30, 2014

STATISTICAL SECTION

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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

<u>Governmental Activities</u>			
<u>Fiscal Year</u>	<u>Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Total primary government net position</u>
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
2014	7,998,742	12,582,381	20,581,123



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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**Changes in Net Position****Last Ten Fiscal Years**

(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses				
Governmental activities:				
Program Services:				
Program Services	\$ 42,804,585	\$ 47,995,906	\$ 55,166,003	\$ 56,378,547
Program Administration	1,803,292	2,498,185	2,678,691	3,107,866
Total Program Services	<u>44,607,877</u>	<u>50,494,091</u>	<u>57,844,694</u>	<u>59,486,413</u>
General Administration:				
Personal Services	1,262,444	1,186,658	1,283,242	1,430,511
Materials and Services	879,637	902,565	1,022,516	917,920
Community Redevelopment and Tax Collector Fees	642,575	845,973	1,593,271	1,555,588
Total General Administration	<u>2,784,656</u>	<u>2,935,196</u>	<u>3,899,029</u>	<u>3,904,019</u>
Total primary government expenses	<u>47,392,533</u>	<u>53,429,287</u>	<u>61,743,723</u>	<u>63,390,432</u>
Program Revenues				
Governmental activities:				
Grant Funding, Restricted	665,235	628,192	342,861	939,901
Total primary government program revenue	<u>665,235</u>	<u>628,192</u>	<u>342,861</u>	<u>939,901</u>
Net (Expense)/Revenue				
Total primary government net expense	<u>\$ 46,727,298</u>	<u>\$ 52,801,095</u>	<u>\$ 61,400,862</u>	<u>\$ 62,450,531</u>
General Revenues & Other Changes in Net Position				
Governmental activities:				
Property Taxes	\$ 46,299,021	\$ 53,589,647	\$ 61,533,409	\$ 60,092,171
Investment Earnings	1,145,141	2,119,135	2,672,542	1,095,569
Grant Funding, Unrestricted	-	-	223,277	213,830
Miscellaneous	18,518	70,171	83,140	311,815
Total primary government	<u>\$ 47,462,680</u>	<u>\$ 55,778,953</u>	<u>\$ 64,512,368</u>	<u>\$ 61,713,385</u>
Changes in Net Position				
Total primary government	<u>\$ 735,382</u>	<u>\$ 2,977,858</u>	<u>\$ 3,111,506</u>	<u>\$ (737,146)</u>

Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 57,163,373	\$ 56,101,645	\$ 52,760,094	\$ 53,530,318	\$ 53,775,633	\$ 56,159,891
3,187,482	2,849,711	2,970,323	3,045,224	3,298,033	3,610,414
<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>	<u>59,770,305</u>
1,477,411	1,391,696	1,489,677	1,428,134	1,425,869	1,588,115
843,657	1,276,812	971,462	897,537	974,491	1,042,529
<u>1,818,312</u>	<u>1,809,845</u>	<u>1,762,748</u>	<u>1,679,586</u>	<u>1,716,448</u>	<u>1,856,081</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>4,486,725</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>	<u>\$ 64,257,030</u>
501,488	\$ 651,736	\$ 271,384	\$ 883,762	\$ 824,043	\$ 710,891
<u>501,488</u>	<u>\$ 651,736</u>	<u>\$ 271,384</u>	<u>\$ 883,762</u>	<u>\$ 824,043</u>	<u>\$ 710,891</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>	<u>\$ 63,546,139</u>
\$ 59,990,448	\$ 60,094,059	\$ 57,795,765	\$ 57,483,644	\$ 59,584,505	\$ 61,362,297
153,990	280,193	111,354	152,865	90,651	16,012
113,760	308,530	2,572,867	343,463	340,968	391,872
446,771	596,866	487,777	643,247	794,695	970,135
<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>\$ 62,740,316</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>	<u>\$ (805,823)</u>

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Fund Balance, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	General Fund					
	Reserved	Unreserved	Nonspendable Fund Balance	Assigned Fund Balance	Unassigned Fund Balance	Total General Fund
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
2014			76,899	4,291,669	8,957,185	13,325,753

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



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

(modified accrual basis of accounting)

	Fiscal			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues				
Ad Valorem Taxes	\$ 46,299,021	\$ 53,589,647	\$ 61,533,409	\$ 60,092,171
Investment Earnings	1,145,141	2,119,135	2,672,542	1,095,569
Miscellaneous Local	18,518	70,171	83,140	311,815
In-Kind Local Match	-	-	-	-
Grant Funding	665,235	628,192	566,138	1,153,731
Total revenues	<u>48,127,915</u>	<u>56,407,145</u>	<u>64,855,229</u>	<u>62,653,286</u>
Expenditures				
Program Services and Support	44,527,842	50,456,976	57,842,431	59,449,996
General Administration	2,599,145	2,761,954	3,723,834	3,792,495
Capital Outlay	165,186	211,032	130,578	35,463
Total expenditures	<u>47,292,173</u>	<u>53,429,962</u>	<u>61,696,843</u>	<u>63,277,954</u>
Net change in fund balance	<u>\$ 835,742</u>	<u>\$ 2,977,183</u>	<u>\$ 3,158,386</u>	<u>\$ (624,668)</u>

Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 59,990,448	\$ 60,094,059	\$ 57,795,765	\$ 57,483,644	\$ 59,584,505	\$ 61,362,297
153,990	280,193	111,354	152,865	1,165,011	1,102,763
446,771	609,860	487,777	643,246	90,651	16,012
-	-	-	-	-	-
615,248	947,272	2,844,251	1,227,225	794,695	970,135
<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>	<u>63,451,207</u>
60,243,914	58,993,365	55,717,450	56,557,169	57,002,621	59,683,292
3,968,377	3,889,604	3,773,091	3,628,128	3,764,685	4,087,449
8,702,529	768,421	136,019	57,303	111,417	215,279
<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>63,986,020</u>
<u><u>\$ (11,708,363)</u></u>	<u><u>\$ (1,720,006)</u></u>	<u><u>\$ 1,612,587</u></u>	<u><u>\$ (735,620)</u></u>	<u><u>\$ 756,139</u></u>	<u><u>\$ (534,813)</u></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)
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
2014	122,019,311	26,028,235	8,669,350	21,273,472

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.

<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Council Tax Rate (2)</u>
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
37,747,627	140,242,741	0.4882

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
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
2014	0.4882	-	0.4882	5.7230	7.4800	0.4110

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.



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

Taxpayer	2005		
	Taxes Levied	Rank	Percent to Aggregate Taxes Levied
Florida Power & Light Company	\$ 30,732	1	1.04%
Diplomat Properties Ltd.	6,959	2	0.23%
Northwestern Mutual Life	3,195	3	0.11%
Publix Supermarkets, Inc.	3,176	4	0.11%
Palm Vacation Group	3,073	5	0.10%
Cocowalk Dev Inc.	2,890	6	0.10%
Fifth Avenue Partners Ltd.	2,410	7	0.08%
Marriott Ownership Resorts Inc.	2,402	8	0.08%
HC Miramar Properties, LLC	2,344	9	0.08%
Pembroke Lakes Mall Ltd.	2,304	10	0.08%
Sunrise Mills Ltd	-	-	0.00%
Bellsouth Telecommunications Inc.	-	-	0.00%
Wal-Mart Stores East	-	-	0.00%
Gulfstream Park Racing Assoc Inc.	-	-	0.00%
Arium Resort LLC	-	-	0.00%
Sunbeam Development Corp	-	-	0.00%
Sunbeam Properties Inc.	-	-	0.00%
Total principal taxpayers	<u>\$ 59,485</u>		<u>2.01%</u>

Source: Broward County Revenue Collector

2014

Taxes Levied	Rank	Percent to Aggregate Taxes Levied
\$ 39,638	1	1.23%
5,700	5	0.18%
-	-	0.00%
5,477	6	0.17%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
8,687	2	0.27%
7,399	3	0.23%
7,287	4	0.23%
4,714	7	0.15%
3,697	8	0.12%
3,694	9	0.12%
3,502	10	0.11%
\$ 89,795		2.80%

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

Fiscal Year Ended September 30,	Total Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	48,808,266	46,168,199	94.6%	147,281
2006	56,341,477	53,444,968	94.9%	224,799
2007	64,634,697	61,401,903	95.0%	275,175
2008	63,240,600	59,925,176	94.8%	396,302
2009	63,145,444	59,597,697	94.4%	634,951
2010	63,430,596	59,406,863	93.7%	385,438
2011	61,318,170	57,368,232	93.6%	134,831
2012	60,801,037	57,457,936	94.5%	(102,569)
2013	62,564,907	59,460,641	95.0%	(224,919)
2014	64,738,551	61,482,355	95.0%	-

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

Total Collections to Date

Amount	Percentage of Levy
46,315,480	94.9%
53,669,767	95.3%
61,677,078	95.4%
60,321,478	95.4%
60,232,648	95.4%
59,792,301	94.3%
57,503,063	93.8%
57,355,367	94.3%
59,235,722	94.7%
61,482,355	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)
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	1,838,844	80,525,783	43,792	39.9
2014	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

* Includes Charter Schools

* Public School Enrollment (4)	Unemployment Rate (5)
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%
262,563	5.20%

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Principal Employers

Current Year and Nine Years Ago

2005			
Employer (1)	Employees	Rank	Percentage of Total County Employment
Pediatrics Medical Group	36,853	1	3.9%
Seabulk International, Inc.	9,370	2	1.0%
Holy Cross Hospital	7,472	3	0.8%
JM Family Enterprises	6,964	4	0.7%
Aviation Sales Co	6,964	4	0.7%
Motorola	6,964	4	0.7%
Tenet Healthcare Corp	6,000	5	0.6%
BCF Financial Corp/BankAtlantic	3,800	6	0.4%
Spirit Airlines	3,500	7	0.4%
Nova Southeastern	2,529	8	0.3%
Citrix Systems	2,300	9	0.2%
Ed Morse Automotive Group	2,300	9	0.2%
BrandsMart USA	1,983	10	0.2%
Total	<u>96,999</u>		<u>10.1%</u>

* Includes both full time and part time employees

Source:

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

2014

Employer (1)	Employees (1)	Rank	Percentage of Total County Employment (2)
Broward School Board*	31,880	1	3.1%
Broward County Government*	11,459	2	1.1%
Memorial Healthcare System*	11,200	3	1.1%
Broward Health*	8,219	4	0.8%
Auto Nation	3,971	5	0.4%
Nova Southeastern	3,783	6	0.4%
American Express	3,200	7	0.3%
The Answer Group	2,800	8	0.3%
Broward College	2,800	8	0.3%
City of Fort Lauderdale	2,457	9	0.2%
BrandsMart USA	2,400	10	0.2%
Total	<u>84,169</u>		<u>8.2%</u>

* Includes both full time and part time employees

Source:

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

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

Full-time Equivalent Employees as of September 30,	Program Support	General Administration	Grand Total
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
2014	45	17	62

Source: Children's Services Council, Finance Administration

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

Utilization

Contract/Program Services	Amount Under Contract	Actual Expenditures	Under-utilized (c)	Unallocated (d)
<u>Fiscal Year</u>	<u>(a)</u>	<u>(b)</u>		
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%
2014	100%	96%	4%	0%

- (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>
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%
2014	106%	101%

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

Source: The Children's Services Council - Finance Administration

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

	Fiscal			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	Budget	Budget	Budget	Budget
Family Strengthening	\$ 9,654,398	\$ 9,316,780	\$ 9,392,012	\$ 12,037,427
Child Welfare/Adoption Promotion	644,457	502,773	666,560	322,620
Youth Development	3,858,414	4,073,174	6,828,797	7,667,084
Delinquency Prevention	3,262,796	3,487,923	3,260,657	3,379,521
Independent Living	499,878	524,117	1,109,043	1,433,144
Special Needs	6,121,192	11,666,528	12,879,440	11,568,884
Out of School Time	16,813,167	15,408,202	15,074,138	12,639,864
Early Child Education	6,000,000	6,064,002	6,629,269	6,509,108
Physical Health	1,799,815	1,941,460	2,313,520	2,909,150
System Goals	2,493,452	2,494,019	2,646,187	2,480,838
Unallocated	233,483	551,781	591,428	1,663,982
TOTAL	\$ 51,381,052	\$ 56,030,759	\$ 61,391,051	\$ 62,611,622

Source: Children's Services Council, Finance Administration

Year						
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
	Budget	Budget	Budget	Budget	Budget	Budget
\$	11,402,429	\$ 12,369,120	\$ 11,279,033	\$ 11,894,698	\$ 12,083,464	\$ 12,342,529
	135,000	135,000	135,000	135,000	160,000	160,000
	6,667,236	6,981,814	5,969,318	6,105,422	6,892,313	7,061,103
	2,854,521	2,904,521	2,964,398	2,988,398	3,018,398	3,299,074
	1,351,756	1,325,000	1,575,000	1,575,000	1,620,200	1,705,743
	12,331,063	9,994,748	9,930,834	9,735,281	9,732,320	9,826,260
	13,981,899	12,821,033	11,937,672	12,060,942	11,057,680	11,595,555
	6,566,390	7,260,000	6,764,045	6,682,700	7,306,189	7,527,142
	2,921,080	2,173,077	2,002,631	1,951,276	1,952,276	1,973,941
	2,037,043	1,928,863	1,963,019	2,161,593	2,298,712	2,444,562
	54,848	75,331	202,241	60,629	8,154	63,074
\$	60,303,265	\$ 57,968,507	\$ 54,723,191	\$ 55,350,939	\$ 56,129,706	\$ 57,998,983



Children's Services Council

of Broward County

Our Focus is Our Children.

INTERNAL CONTROLS & COMPLIANCE SECTION





Children's Services Council

of Broward County

Our Focus is Our Children.

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

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 fiscal year ended September 30, 2014, 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 19, 2015.

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 19, 2015

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 on the Council's major federal program for the fiscal year ended September 30, 2014. 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 fiscal year ended September 30, 2014.

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 19, 2015

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Federal Agency, Pass-through Entity, Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
Federal Agency Name:				
Indirect Programs:				
Department of Education -				
Pass-through:				
The School Board of				
Broward County, Florida -				
21st Century Community Learning Centers	84.287	---	\$ 175,106	\$ 175,106
Florida Department of Education				
21st Century Community Learning Centers	84.287	12A-2442A-2P001 and 12A-2443A-3PCC1	535,785	477,341
Department of Health and Human Services -				
Pass-through:				
The State of Florida				
Department of Children and Families -				
Foster Care - Title IV-E	93.658	---	84,390	-
Adoption Assistance - Title IV-E	93.659	---	29,341	-
The State of Florida				
Department of Health and Human Services -				
Medical Assistance Program	93.778	---	<u>164,411</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 989,033</u>	<u>\$ 652,447</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 FISCAL YEAR ENDED SEPTEMBER 30, 2014

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, 2014. 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	\$ 652,447

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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 FISCAL YEAR ENDED SEPTEMBER 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings in current year.

SECTION III– FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings in current year.

PRIOR YEAR COMMENTS AND STATUS

The following addresses the status of the findings reported in the fiscal year ended September 30, 2013 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

Report on the Financial Statements

We have audited the financial statements of the Children's Services Council of Broward County (the Council), Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated February 19, 2015.

Auditors' Responsibility

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance as Required by OMB Circular A-133, Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 19, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Council 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Council for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., 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.

Purpose of this Letter

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, the Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Fort Lauderdale, FL
February 19, 2015

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

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

We have examined the Children's Services Council of Broward County's (the Council) compliance with Section 218.415 Florida Statutes for the fiscal year ended September 30, 2014. Management is responsible for the Council's compliance with those requirements. Our responsibility is to express an opinion on the Council's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Council's compliance with specified requirements.

In our opinion, the Council complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

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

Marcum LLP

Fort Lauderdale, Florida
February 19, 2015



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 of care.

VISION

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