



*Weaving the Threads of Community  
in Support of Children*



***Comprehensive Annual Financial  
Report For Fiscal Year Ending  
September 30, 2015***



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# Council Members



**Emilio Benitez**  
**Chair**  
**Governor Appointee**



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

**Beam Furr**  
**Secretary**  
**Broward County Commission**



**Robin Bartleman**  
**Immediate Past Chair**  
**School Board Member**



**Robert W. Runcie**  
**Superintendent of Schools**



**Ana M. Valladares**  
**Governor Appointee**



**Cathy Donnelly**  
**Governor Appointee**



**Judge Michael J. Orlando**  
**Judicial Member**



**Dr. Paula Thaqi**  
**Health Department**  
**Director**



**Tom Powers**  
**Governor Appointee**



**Maria M. Schneider**  
**Governor Appointee**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**for the  
Fiscal Year Ended September 30, 2015**

**Issued By:**

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

**Prepared By:**

**Financial Management:**

**Monti Larsen, Chief Operating Officer  
Kathleen Campbell, Director of Finance**



**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, 2015**

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# ***INTRODUCTORY SECTION***





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**CHILDREN'S  
SERVICES COUNCIL MEMBERS:**

*Emilio Benitez, Chair  
Governor Appointee*

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

*Beam Furr, Secretary  
Broward County Commission*

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

*Cathy Donnelly  
Governor Appointee*

*Hon. Michael J. Orlando  
Judicial Member*

*Tom Powers  
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*

June 16, 2016

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, 2015. 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.

The Council requested and was granted an extension to submit the CAFR to the Government Finance Officers Association ("GFOA") for review. This 90-day extension was needed in order to implement a new Government Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27." Certain information is required from the Florida Department of Management Services who oversees the Florida Retirement System ("FRS") and that information was not available until early April.

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 fourth 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 Council for the fiscal year ended September 30, 2015 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, 2015, 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 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 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 during a general election. The Children's Services Council of Broward went before the voters in the general election in November 2014 wherein the voters overwhelmingly and enthusiastically endorsed the work and worth of the CSC. Additionally, the other three counties that also went to the voters in November overwhelmingly won in their respective counties. The remaining CSCs are working with the Legislature on their individual referendum requirements.

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. 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 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. 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; 31.4% are foreign born, 36.4% were born in other cities in the United States and 32.2% are born in Florida. There are an estimated 1.8 million people living in Broward County, of which 412,000 are children. (last updated September 2014)

## ***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 are research-driven with an emphasis on evidence-based practices and performance outcomes. CSCs 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 49 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 on-going 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 of 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 1<sup>st</sup>. Once the final property tax values are determined by the Property Appraiser's Office, the Council must hold two public hearings in September as required under the 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. Six 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. Four years later, 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. The building has become a central place for community meetings and trainings; for fiscal year 2014/15, there were nearly 170 community meetings in addition to 177 training sessions. 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***

The Council engaged in a broad outreach effort to ensure the citizenry understood the work and worth of the Children's Services Council of Broward County. Although prohibited from organizing a political campaign, many agencies and children's advocates stepped up and proudly supported the story of CSC and let others know of the many programs and services that 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. This community support resulted in a 76.6% YES vote for CSC in November 2014! With this broad community support, the Council has a renewed energy to continue to build upon its track record of accountability and commitment to ensure that all funded programs are making a difference in the lives of children. 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 local economy is undergoing a rebound, albeit unevenly, back to "normal" from the Great Recession. 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 were 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.

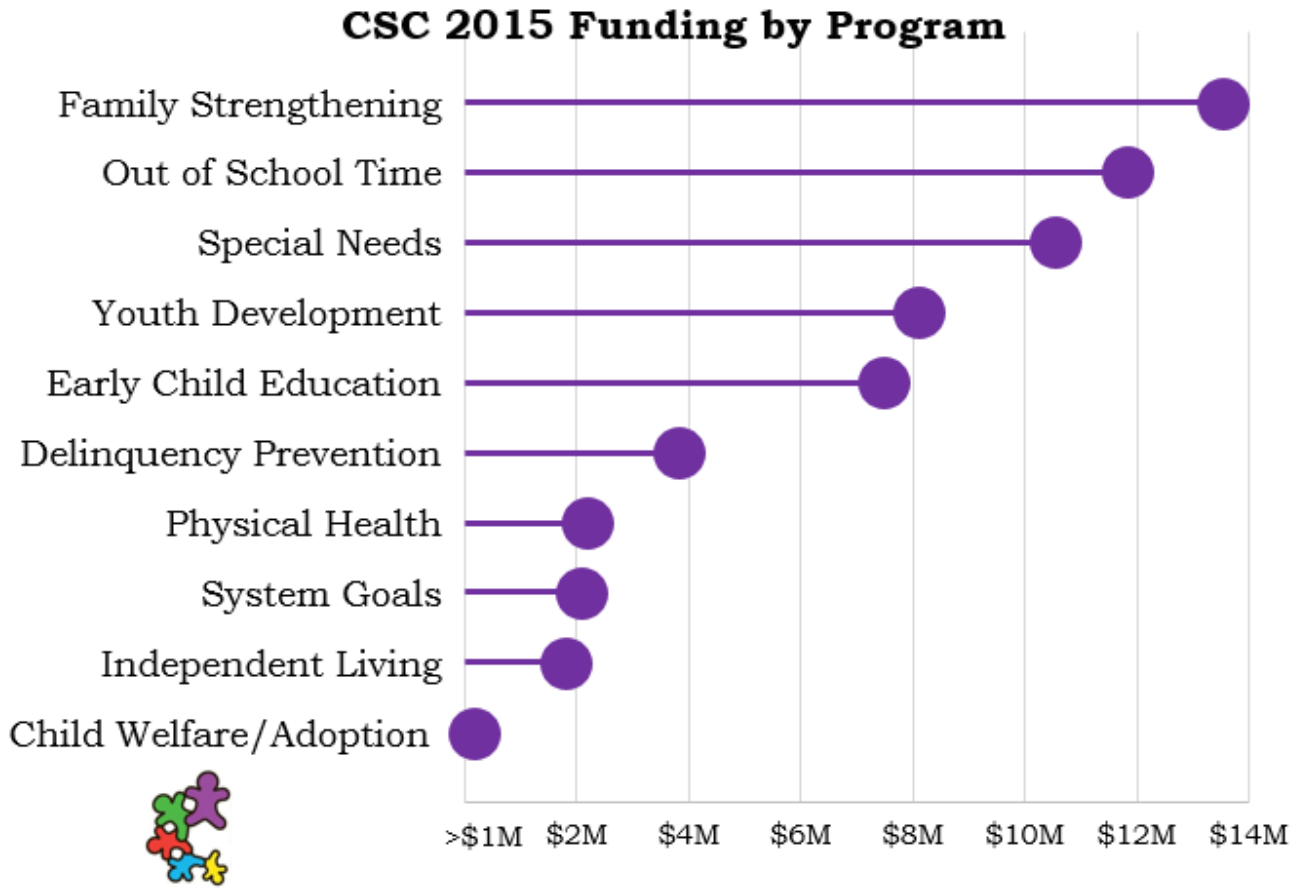
Broward County has been very fortunate and not suffered a direct impact from a hurricane for over ten years. Nonetheless, the County and various local agencies maintain a sense of preparedness with a strong infrastructure to provide vital community services if necessary. Perhaps because of the lack of 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 14 million visitors coming to Broward County in 2014 spending \$11.4 billion in the areas hotels, attractions, retail shops and restaurants, as well as other goods and services. Broward's hospitality and tourism industry employed 168,000 people in hospitality related jobs.

The local airport ranks 21<sup>st</sup> in the United States in total passenger traffic, with more than 650 flights per day. The airport continues to experience double-digit growth both in international and domestic passenger traffic, and in FY 2015, total passenger traffic totaled 26,388,671 passengers, an increase of 9.5% from the previous year. In September 2014, the first phase of a \$1.4 billion airport expansion project was completed with a new 8,000-foot runway to increase capacity. Additionally, work is ongoing to finish the airport's modernization project at four terminals and building a new 5<sup>th</sup> terminal.

Port Everglades, the local seaport, generates nearly \$28 billion worth of business activity annually and supports 13,300 direct jobs and 224,000 jobs statewide. In FY 2015, there was an estimated 3.6 million cruise passengers flowing through the Port. Future plans include lengthening the deep-water turn around area allowing larger cargo ships to come into the port.



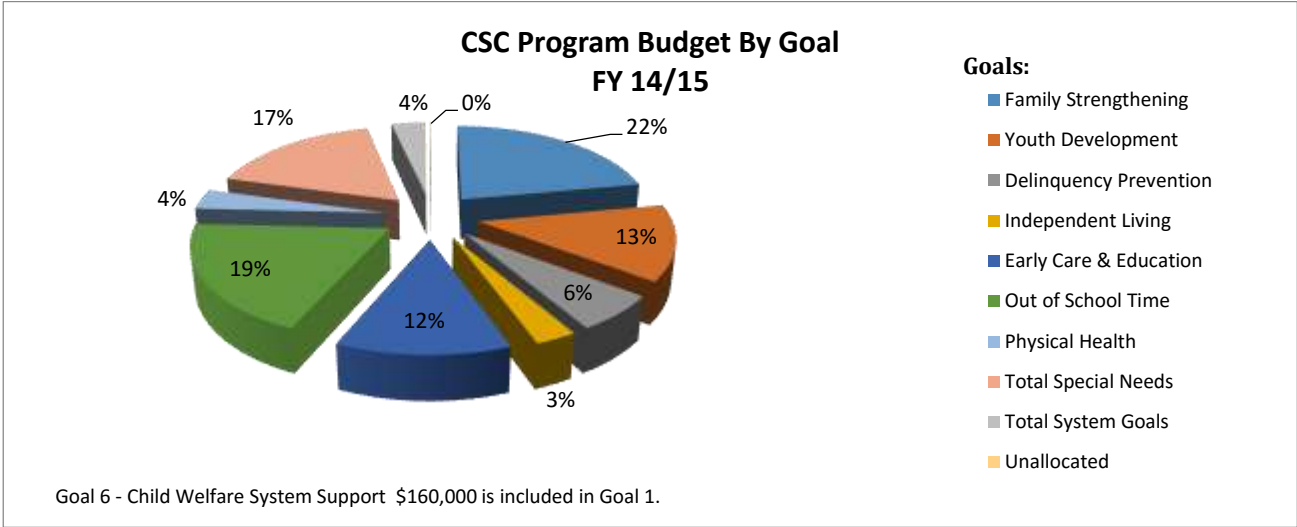
The Council continues to strive to maximize services for Broward’s children and families and has carefully used fund balance to maintain or grow needed programs, while maintaining a high level of accountability to the taxpayer. Expenditures for Program Services increased this past year and the provider 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 2,200 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 \$71.1 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 110 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:

- ◆ Awarded one of the first federal Performance Partnership Pilot grants (\$700,000 over 2½ years). The pilot responds to President Obama’s challenge to use federal flexibility to make federal programs work better for the young people they are trying to serve. Our “Best Opportunities to Shine and Succeed” (BOSS), will serve youth at risk of not graduating by providing case management, employment readiness, and post-secondary supports to 420 youth in six high need high schools. In addition to the federal start-up funds, CareerSource Broward will fund \$1 million over 2½ years for case management services, the Broward Libraries Division will fund \$160,000 for the Teen College Melt program along with CSC and Broward Schools existing commitments for a total project cost of \$4.7 million. As envisioned, youth will be able to simultaneously receive the beneficial services of the 21<sup>st</sup> CCLC grant, the Workforce Investment Act and the Library Sciences and Technology Act demonstrating the value of collaboration and flexibility.
- ◆ Partnered with the School District, the Early Learning Coalition, Afterschool and Preschool Providers, Scholastic Books, City Year, United Way, Big Brothers/Big Sisters, the Y and others on the October 21, 2015 Broward Reads for the Record. All four and five-year-olds in Broward received a take-home copy of the book “Bunny Cakes” with a note encouraging parents to read to their children. With support from HandsOn Broward, over 700 volunteer

readers were recruited to read to over 40,000 students from 500 voluntary pre-Kindergarten centers, 225 schools and 1,500 classrooms. The event was promoted in print, radio and television in four languages, and media coverage before and after included news stories on multiple stations, front page coverage in the Pompano Times and the Community Section of the Sun-Sentinel. Feedback from volunteer readers and the schools was overwhelmingly positive.

- ◆ For the past five 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 5,700 students return to school with a new backpack filled with all types of school supplies, uniforms, shoes and gently used books. The CSC cost of the event was \$40,000 with \$72,800 donated from community, \$45,000 of in-kind donations and 3,416 pairs of shoes donated worth \$170,800. 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. Last year the Council approved one such “out-of-the-box” project which turned out so successful, the initiative was approved for a second year with additional resources. The Council approved \$43,400, up from \$28,000 the prior year, for the 2015 Summer Breakspot Mobile Pilot. This 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 multiple 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 served 65,904 meals to 2,491 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%. With the success of the program, 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 6<sup>th</sup> 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 2015, the Council spent \$294,000 to promote EITC which resulted in \$5.74 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 2015-2016 is \$75.4 million, which includes \$1 million 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 2015-16 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, 2014. This was the thirteenth 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

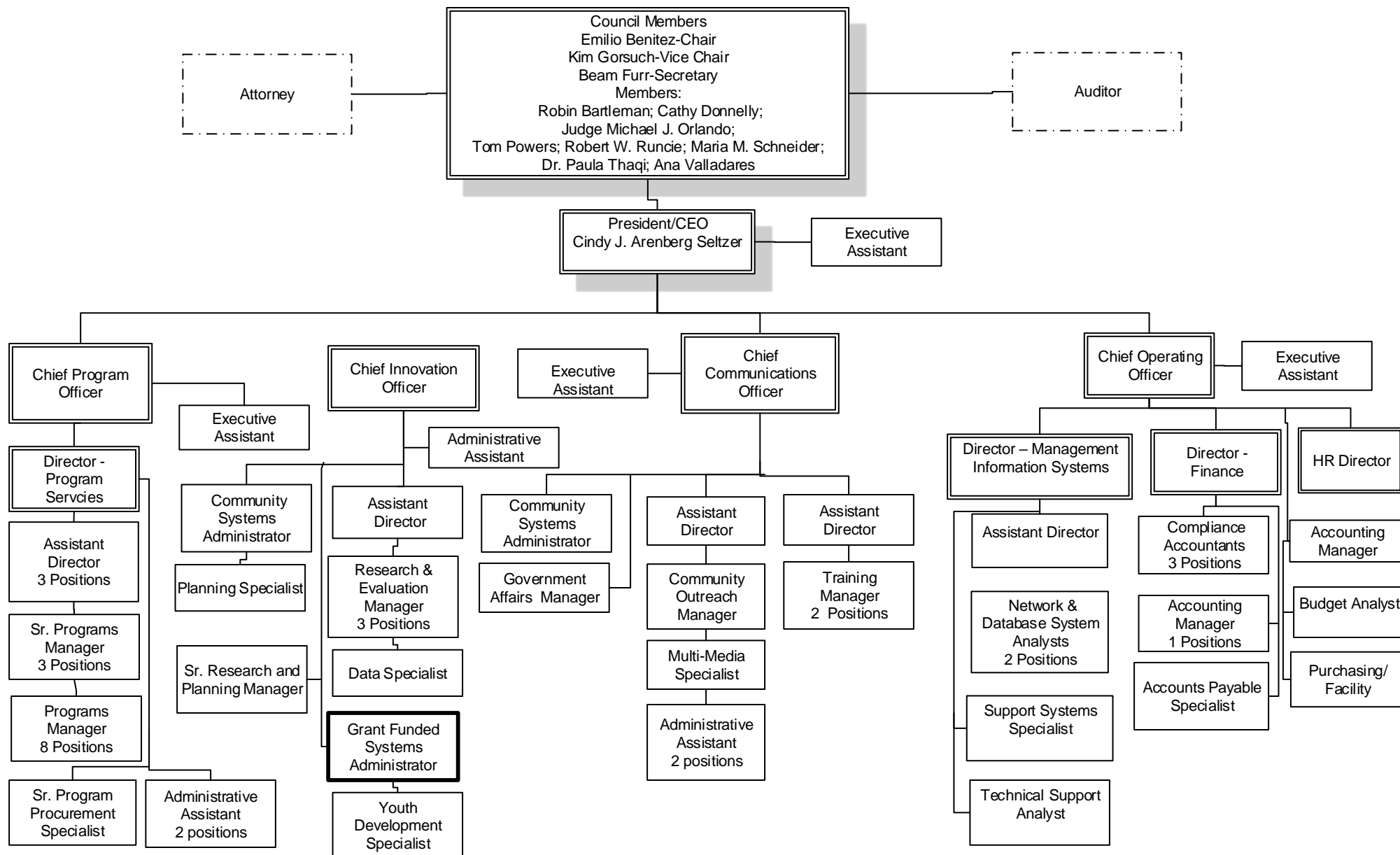
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# Children's Services Council of Broward County

## Organizational Chart and List of Principal Officials

### Fiscal Year 2014-2015

Broward's Children and their Families





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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, 2014**

Executive Director/CEO

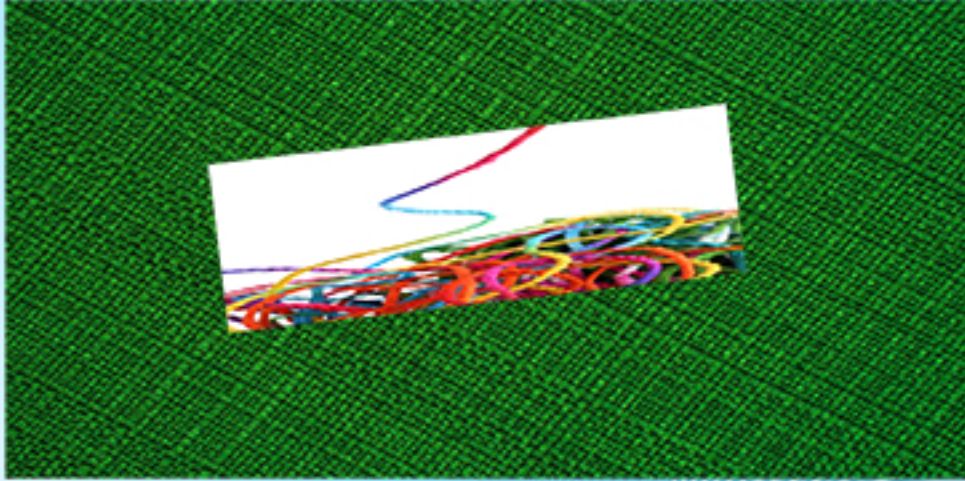


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# ***FINANCIAL SECTION***





**Children's  
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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, 2015, 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, 2015, 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.

## ***Emphasis of a Matter***

As discussed in Note 1 to the financial statements, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No.27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*, both effective October 1, 2014, which resulted in the Council restating net position for recognition of the Council's pension related activity prior to October 1, 2014. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedules of the Council's proportionate share of net pension liability, Council contributions, and funding progress for other post-employment benefits on pages 5 through 27 and pages 78 through 87, 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 June 16, 2016, 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  
June 16, 2016



**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, 2015**

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, 2015. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 28.

### **FINANCIAL HIGHLIGHTS**

Fiscal year ending September 30, 2015 concludes the Council's fourteenth year of funding services that support children and families through programs emphasizing prevention. This report highlights how the Council provides leadership, advocacy and resources working with community partners and investing in evidence-based interventions and services for children and families throughout Broward County. Over 190 programs are delivered by 74 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 and deferred outflows exceeded liabilities and deferred inflows at the close of fiscal year 2014/15 by \$17.8 million (net position). Of this amount, \$10 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 by \$530,452 which represents a 2.6% 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 \$13,137,646 a decrease of 1.4% or \$188,107 from the prior year. Approximately \$8.8 million is available for spending at the Council's discretion (*unassigned fund balance*).
- ◆ Levied tax revenue generated through the TRIM process totaling \$65.1 million, which was a notable increase of \$3.8 million or 6% from the prior year. This increase was attributable to higher property values throughout the County. While the increase was noteworthy, the Council and Community are still recovering from several years of static or declining revenues as 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, 2015**

- ◆ Comparing Fiscal Year 14 to Fiscal Year 15, the Council's total operating budget increased \$3,824,246 or 5.8%. This increase continues a 2-year upward trend after several years of either stagnant or declining operating budgets. The Council is cautiously optimistic that this year's increased budget is a sign that declining property values have leveled off and are becoming more stable. The improving economic conditions will help to provide additional community resources for those areas that are not rebounding as quickly as other communities.
- ◆ The Council appropriated \$4.3 million of fund balance and budget carry-forward in Fiscal Year 15 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 19% of the overall program budget, an increase of \$318,700 or 2.74% from the prior year. The additional resources allowed the Council to restore non-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:
  - 94% of students improved their reading;
  - 84% of students improved their math skills;
  - 100% of students remained safe.

Services are provided at over 100 school and community-based locations throughout the County, serving about 8,580 children in the general population.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

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 \$8.3 million which is a \$514,758 or 6.94% increase from the prior year. Outcomes highlight 72% of children improved reading and language development and 100% 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 \$68,624 or 4.5%. 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. Outcomes include: 86% reduced risky behaviors, 92% youth improved school grades or attendance 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 21<sup>st</sup> Century Community Learning Centers ("21<sup>st</sup> 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, 2015**

The Council has two current 21<sup>st</sup> CCLC grants, coupled with Council funding as match, that provide six high schools with these enriched services. 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.

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: 91% of youth improved reading grades; 83% improved science grades; and 100% 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 even as economic conditions begin a sluggish and uneven recovery. 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 increased its commitment to this goal by \$250,000 for a total of \$1,750,000 to absorb the increase in minimum wage while maintaining the total numbers served. These funds provided employment opportunities for 602 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 ensuring youth being served in other CSC-funded programs were afforded the opportunity to participate.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

Program outcomes remain quite strong as 95% of youth successfully completed the program; 85% demonstrated employability and job skills proficiency; and 97% 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 196 young people with disabilities with job training and summer employment, supported by on-site professional "job coaches" at 41 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 by \$65,000 from the prior year to address the increase in minimum wage for a total commitment of \$1.5 million.
- 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 program expenditures total \$3.6 million which is an increase of \$465,449 or 14.6% from last year's expenditures. New DAY programs served 1,635 youth in fiscal year 2015.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

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 and/or restitution to victims, counseling to give youth a second chance, curfews, etc. Of those youth, 91% decreased their risk factors and 93% 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 Support programs. Recognizing that unstable economic times may lead to increases in abuse and neglect, the budget for Family Support programs was notably increased by \$627,553 or 4.93% to continue to address the complex needs of the community. This goal comprises 21.75% of the overall program budget for a total commitment of \$13.4 million and serves over 2,887 families.

Family Support 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. Additionally, this goal supports programs designed to decrease pre/post-natal depression, promote maternal/child bonding, provides training for therapists working with substance-exposed newborns and other maternal/child education supports including safe sleeping.

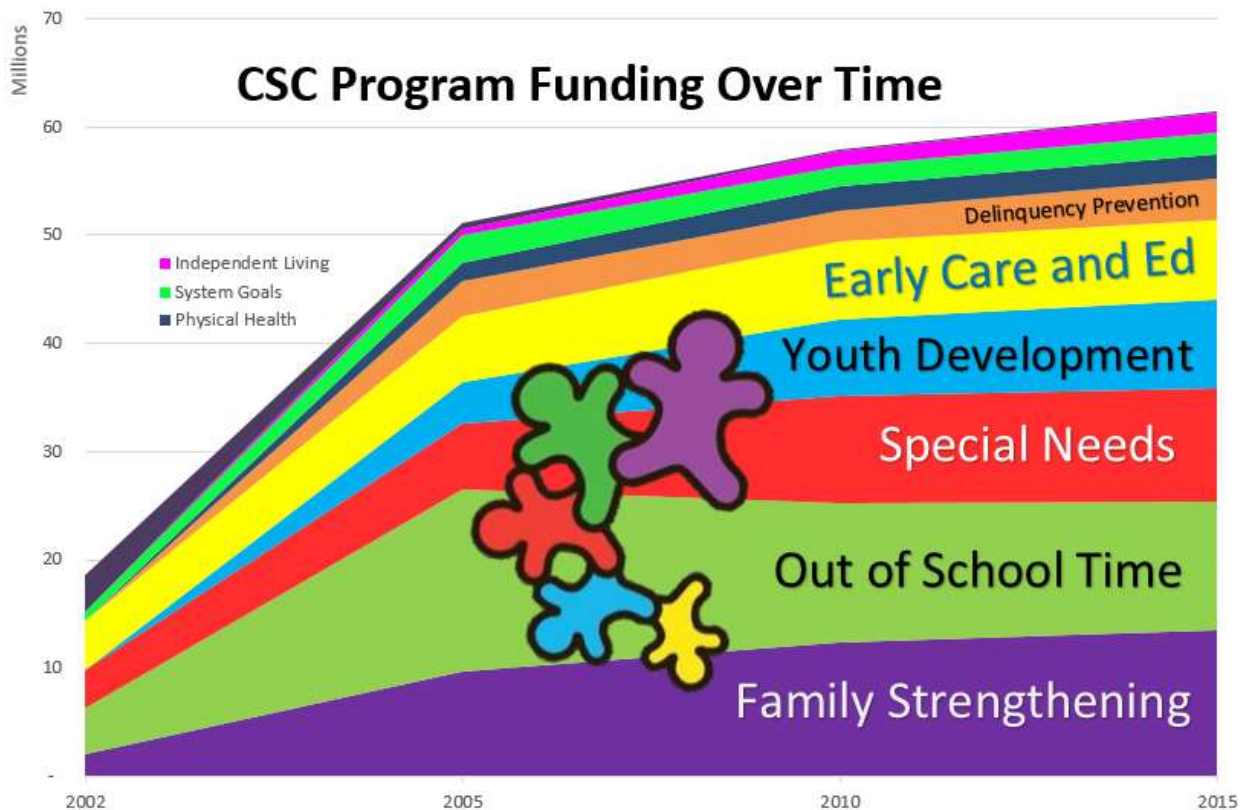
The Council works closely with a network of community partners involved in the child welfare system to coordinate resources, expedite service delivery and share case and resource information. Performance measures for these programs continue to demonstrate strong results: 94% of families did not receive a verified abuse report within 12 months of completion, 90% of participants demonstrated improved family functioning, 89% of mothers reported fewer symptoms of depression and 94% of infants and children met developmental milestones.

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

## **Management’s Discussion and Analysis Fiscal Year Ended September 30, 2015**

- The Council released three Request for Proposals (“RFP”) and a Request for Applications (“RFA”) this past fiscal year to continue services and training 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 procurements included: Family Support; Supported Training and Employment Program (STEP) for Special Needs youth; Youth-Work Incentive Coordinator; and Cadre of Community Trainers.

The chart below depicts program expenditures by goal since inception in 2001.



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

## **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

### **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 28 and 31) 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 32. 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 37 – 75) 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 78.

### **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 deferred outflows and liabilities and deferred inflows 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 deferred outflows and liabilities and deferred inflows, with the difference between reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All



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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

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).

This year the Council implemented two new GASB Statements: No. 68 *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* that affect the government-wide financial statements. These standards improve financial reporting related to pensions (see Note 7 on page 55) and require the Council to recognize its proportionate share of the pension liability. As a result of implementing these two new standards, the Net Position was restated from the prior year (see Note 1 G on page 47 for more information).

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 deferred outflows and liabilities and deferred inflows—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 6.36%. While the Council maintained the millage rate from the prior year, because of the increased property values, the net result was an additional \$3.4 million of tax revenue available for children's services. This substantial 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.

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

## **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

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

### ***Fund Financial Statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council are categorized as governmental funds.

*Governmental funds* — All of the Council's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides.

Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. 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

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

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 43.

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 two grants from the Department of Education Twenty-First Century Community Learning Centers ("21<sup>st</sup> CCLC") program awarded directly from Florida Department of Education ("FDOE").

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 76 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 37 - 75 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, other postemployment benefits plan information and pension plan information are found on pages 78 to 87 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 fourteenth year of generating tax revenue, assets and deferred outflows exceeded liabilities and deferred inflows by \$17.8 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 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, 2015**

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

	<b>CSC's Net Position As of September 30,</b>		
	<b>FY 2015</b>	<b>FY 2014</b>	<b>Variance</b>
Current Assets	\$ 18,424,629	\$ 18,420,965	\$ 3,664
Capital Assets	7,755,161	7,998,742	(243,581)
Total Assets	<u>26,179,790</u>	<u>26,419,707</u>	<u>(239,917)</u>
Deferred Outflows	950,789	-	950,789
Current and Other Liabilities	5,346,936	5,146,592	200,344
Long-Term Liabilities	3,612,636	691,992	2,920,644
Total Liabilities	<u>8,959,572</u>	<u>5,838,584</u>	<u>3,120,988</u>
Deferred Inflows	385,837	-	385,837
Net Position:			
Investment in Capital Assets	7,755,161	7,998,742	(243,581)
Unrestricted	10,030,009	12,582,381	(2,552,372)
Total Net Position	<u>\$ 17,785,170</u>	<u>\$ 20,581,123</u>	<u>\$ (2,795,953)</u>

- ◆ The overall net position of the Council significantly decreased for fiscal year 2015 as a result of implementing GASB Statements No. 68 and No. 71 which reduced beginning net position by \$2,265,501.
- ◆ The change in current assets from Fiscal Year 2014 to Fiscal Year 2015 was negligible at \$3,664. Spending down fund balance for services was intentional for the FY 2015 and does not reflect weakening financial health. Investment in Capital Assets decreased from the prior year. Net changes in this line item of \$243,581 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.

Total depreciation expense was \$371,542, of which \$211,341 was building related, \$42,270 was for Intangible software enhancements and \$117,931 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, 2015**

- ◆ Deferred outflows of resources represent a consumption of net assets that is applicable to a future period reporting the FRS and HIS pension liabilities and related components with other funds within the state. At fiscal year end, the Council recognizes its allocated share of the state's deferred outflows of resources related to applicable pensions, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.
- ◆ The current and other liabilities category is comprised primarily of accounts payable, which increased by \$200,344, and is chiefly due to the timing of provider invoices for September services. The long-term liabilities category reflects a \$103,180 increase for compensated absences, the proportionate share of the Florida Retirement System liability and Other Post-Employment Benefits (OPEB) for eligible retirees for health insurance "implicit subsidy" premiums that may be paid in the future.
- ◆ Deferred inflows of resources represent an acquisition of net assets by the division that is applicable to a future reporting period. The Council shares the reported FRS and HIS pension liabilities and related components with other funds within the state. At fiscal year end, the Council recognizes its allocated share of the state's deferred inflows of resources related to applicable pensions, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.
- ◆ Unrestricted net position decreased \$2,552,372 from the prior year primarily because of the implementation of the new GASB Statement No. 68 and No.71 which required recording the Council's proportionate share the pension liability managed by the State.
- ◆ With respect to debt, the Council is prohibited, per Florida State Statute, from issuing any type of debt instrument including the issuance of bonds of any nature.

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

## **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

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

	<b>CSC's Changes in Net Position Fiscal Years Ended September 30,</b>		
	<b>FY 2015</b>	<b>FY 2014</b>	<b>Variance</b>
Revenues:			
Property Taxes	\$ 65,140,776	\$ 61,362,297	\$ 3,778,479
Investment Earnings	90,344	16,012	74,332
Other	2,126,357	2,072,898	53,459
Total Revenues	<u>67,357,477</u>	<u>63,451,207</u>	<u>3,906,270</u>
Expenses:			
Program Services & Support	63,194,832	59,770,305	3,424,527
General Administration	2,650,052	2,630,644	19,408
Tax Collector and Community Redevelopment Fees	<u>2,043,045</u>	<u>1,856,081</u>	<u>186,964</u>
Total Expenses	<u>67,887,929</u>	<u>64,257,030</u>	<u>3,630,899</u>
Increase (Decrease) Net Position	(530,452)	(805,823)	275,371
Net Position - Beginning Balance as previously stated	20,581,123	-	20,581,123
Restatement of Net Position for GASB No. 68	<u>(2,265,501)</u>	<u>21,386,946</u>	<u>(23,652,447)</u>
Net Position - End of Year	<u>\$ 17,785,170</u>	<u>\$ 20,581,123</u>	<u>\$ (2,795,953)</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2015, property tax revenue increased by \$3.8 million from the prior year. While the millage rate remained unchanged from the prior year's 0.4882 mills, additional tax revenue was generated due to the increase in property values. Florida was deeply affected by the mortgage crisis in 2007 and had multiple years of declining/stagnant countywide property values. However, property values in South Florida are continuing an upward trend with an average increase of 6.36% overall in the current year; hence, additional tax revenues. Although the Council is authorized to levy up to .5 mills, the Council Members remain quite concerned about millage rate increases and its effect on taxpayers. The Council continues to use fund balance in order to not reduce services that meet the identified needs for Broward County's children.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

- ◆ **Investment earnings** totaled \$90,344, a change of \$74,332 in Fiscal Year 2015, which is a fourfold increase from the prior year. Half of this increase occurred when the State Board of Administration distributed \$47,247 investment interest to the Council that was earned in November, 2007 but not paid due to the financial crisis. "Fund B" has now been totally liquidated and the Council fully recouped all principal and the proportionate share of the interest that was due during that troubling time. The balance of the increase is due to normal interest earned on investments that averages about \$3,600 per month.
- ◆ **Other revenue** includes grants, training registration and miscellaneous revenue and for the current year equals \$2,126,357, a 2.5% 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 \$1,266,689 from various federal through state grants related to the 21<sup>st</sup> Century Community Learning Centers grant ("21<sup>st</sup> CCLC") and Federal Title IV-E Foster Care and Adoption Programs through an agreement with State of Florida Department of Children and Families. This amount is an increase of \$555,798,248 for the fiscal year due to being the recipient of an additional 21<sup>st</sup> CCLC grant towards the end of the fiscal year.

Additional Other Revenue sources total \$859,668 which includes partnerships with local foundations; a pass-through Collaborative Agreement with other Statewide CSC's; training registration fees; community initiatives wherein contributions were collected such as a Back-to-School Backpack Extravaganza drive; and various small miscellaneous revenues.

- ◆ **Expenses for Program Services and Support**, which includes any related administration, totaled \$63.2 million in fiscal year 2015; an increase of \$3.4 million or 5.74%. This rather substantial increase was budgeted accordingly; the funded agencies were able to fully utilize their contracts (as described on page 21), thus demonstrating a thorough programmatic reach, and additional staff were added to help manage the increased workload. The graph on the following page illustrates, 93.1% of total expenses support various programs and support services for children and families of Broward County.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

- ◆ **Expenses for General Administration** totaled \$2.6 million in fiscal year 2015, a slight increase of \$19,408 or less than 1% from fiscal year 2014. This increase helped to restore some of the cumulative administrative reductions over the past several years. Moreover, general administrative costs only represent 3.9% 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 non-staff expenses for General and Administrative remained relatively flat for fiscal year 2015 with slight increases for purchases of capital equipment, software maintenance, and related consultants, travel, legal, etc. The Community Redevelopment and Tax Collector fees, discussed below, make up the remaining 3% of the administrative expense.
- ◆ **Tax Collector and Community Redevelopment fees** for fiscal year 2015 increased overall by 10% or \$186,964 for a total of \$2,043,045. The Community Redevelopment fees increased \$171,489 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 \$15,475 or 4% from the prior year.

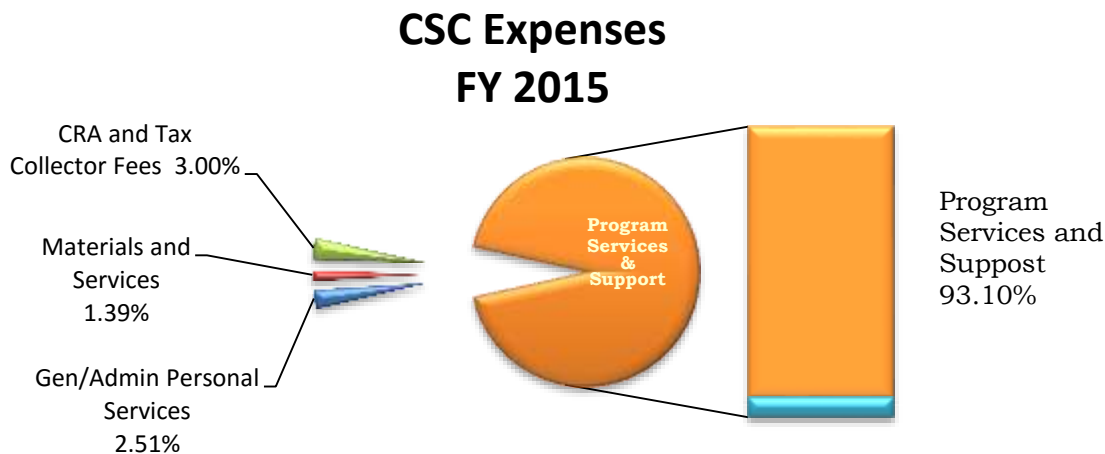
The Community Redevelopment Agency (CRA) tax increment fees are tied to the increased incremental property tax values in specific areas, as well as the Council's established millage rate. Generally throughout the county, the decline in property values has leveled off with most areas experiencing a rebound, and this upward trend is also happening in the CRA districts. In those districts wherein the Council and the CRA have formed a partnership, \$957,909 or 37.% 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, 2015

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2015.



Analysis below separately considers the operations of governmental activities.

### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its fourteenth year of operations, the governmental funds (as presented in the balance sheet on page 32) reported a total fund balance of \$13.1 million. The fund balance categories, revised to enhance the usefulness of this information, are presented in accordance of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and are fully described in the Notes to the Financial Statements on page 43.

- ◆ **Fund balance** decreased a total of \$188,107 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 \$88,763 of Non-Spendable funds for prepaid items in fiscal year 2015.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

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, \$3.2 million is assigned for subsequent year's budget for fiscal year 2015-16. Additionally, \$1,033,858 of fund balance is assigned for various purchases in next fiscal year. Within Unassigned Fund Balance, the Council voted to maintain a minimum balance of 8%-10% of budgeted operating expenditures or \$7 million to manage cash inflows and outflows 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 \$1.9 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 \$4.6 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$3.5 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 78-81. This variance is due to several factors related to programs and services. To illustrate:
  - For most contracts, the Council requires that service provider's invoice be based on "units of service", not reimbursement of expenses. Consequently, if a provider does not provide all of the services that were anticipated, the contract is under-utilized. This method of invoicing allows the Council to only pay for services actually provided. The Council monitors utilization throughout the year and continues to work closely with those providers to help them provide the services and, therefore, utilize the available funds. The budget variance affected by under-utilization of the contracts is 5.7% or \$3,501,396.
  - The budget for Fiscal Year 2015 included \$78,262 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, 2015**

- The budget variance for Program Support was \$447,637 and was primarily salary/benefit lapse, which is the direct result of administrative efficiencies and scrupulous accountability. General Administration budget variances totaled \$550,321 and was caused from salary/benefit lapse, software maintenance and facilities management; further demonstrating fiscal judiciousness throughout the Organization. Additionally, there were \$127,362 budget variances related to Capital Outlay mostly due to computer hardware and software purchases not being finalized by fiscal year-end.

Alternatively, resources available for appropriation (revenues) were \$532,000 less than the final budgeted amount. This negative variance is primarily the result of lower collections of the ad valorem tax revenues and anticipated Medicaid revenues that did not materialize due to the change in allowable billings.

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

At the end of Fiscal Year 2015 the Council had \$7.7 million invested in capital assets including land, building and related infrastructure, as well as computer hardware and software. More detailed information about the Council's policies concerning capital assets is presented in Notes 1 and 6 of the Notes to the Financial Statements.

As presented in Note 9 of the Notes to the Financial Statements, the Council purchases commercial insurance for property and casualty claims. Other obligations include accrued vacation pay and sick leave, proportionate share of pension costs and OPEB. More detailed information about the Council's long-term liabilities is presented in Notes 7, 8 and 11 of the Notes to the Financial Statements.

#### **ECONOMIC FACTORS, NEXT YEAR'S BUDGET and TAX RATES**

The Council Members always consider many factors when setting the subsequent fiscal-year's budget and tax rates during their May 2015 Budget Retreat. Council Members are always very cautious in setting the tax rate, weighing their desire to meet the expanding need for services against 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.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

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, 49.7 percent of households are considered "cost-burdened" (paying in excess of 30% of their incomes on housing costs) due to the high cost of living, low paying jobs, income stagnation, etc. 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.

While there are mixed indicators when assessing Broward County's housing sector, there are positive signs that a recovery, albeit uneven, is taking hold. The good news is that property values have trended upwards for the past three years, with a notable 6.36% countywide increase last year. Additionally, from 2014 to 2015, Broward County experienced a steep 35% decline in foreclosure activity; a welcoming trend since foreclosures in this area led the nation for several years. While this is good news for some homeowners, many other groups are feeling pressure as rents have increased an average 7% from just a year ago. Cost-burdened renter households in Broward County have increased 15.2% since 2009. Thus, the positive economic signs are not being experienced by many of Broward's working families as they continue their struggle to make ends meet.

The local inflation rate remained level this year at 1.1% 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, low wages, 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 over ten years), contribute to this higher local consumer price index than the national average.

Unemployment in Broward County as of September 2015 slightly increased to 5.6% from 5.2% the same time last year. The local unemployment data is slightly higher than the State's unemployment rate of 5.1% and mirrors the national rate of 5.1%. The slight uptick in the Broward County unemployment rate is part of the ebb and flow at that specific time period and are not indicative of an upward trend.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

The Broward County Airport and Seaport continue to be economic drivers for the community. Last year, the \$791 million airport runway expansion was completed and was estimated to have created 11,000 construction jobs with a \$1.4 billion impact to the regional economy. The major construction continues including several terminal modernization and expansion projects. The Airport serves over 11.7 million passengers annually, employs 139,920 total jobs and generates \$13.2 billion total output. Port Everglades, the local seaport, is the cruise capital of the world with more than 3.5 million passengers passing through each year. The Port supports over 13,000 direct jobs and generates over \$28 million overall economic activity. Additionally, 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.

This year – 2015 - marked the 100<sup>th</sup> birthday for Broward County and there was a series of Centennial community celebrations. The Council joined the celebration with a beautiful photo exhibit of foster care youth. Close to 50 oversized photographs were exhibited for a month on the CSC grounds, elevating awareness on the importance of their finding permanent homes through adoption. Also in 2015, Fort Lauderdale was host to the high profile Urban League National Conference, where presidential candidates from both parties addressed more than 2,000 leaders discussing policy issues and solutions for challenges affecting African Americans and urban communities. The Council sponsored about 400 Urban League middle and high school aged youth and their chaperones from across the nation to participate in unique hands-on workshops, plenary sessions, career exploration and STEM activities with a culminating event for all National Urban League Education and Youth Development programs.

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 2015-2016 fiscal year, local property values had a substantial 8 percent increase which allowed the Council Members to maintain the millage rate at 0.4882 mills but generated an additional \$4.3 million of tax revenue. Additionally, the Council members voted to appropriate \$3.2 million of fund balance, coupled with \$1,033,858 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.

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

### **Management's Discussion and Analysis Fiscal Year Ended September 30, 2015**

During the 2010 legislative session, the Florida Children's Services Council accepted an agreement with state lawmakers that required the state's Children's Services Councils to be re-approved by the voters in their counties via a local referendum. The Broward referendum took place in November 2014 and the voters overwhelmingly and enthusiastically endorsed the good works of the Council and the long-term investments that are being made in the lives of children and families in their communities.

#### **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., Lauderhill, Florida 33319 or visit the Council's website at: [www.cscbroward.org](http://www.cscbroward.org).



**Children's  
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of Broward County

*Our Focus is Our Children.*

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Net Position**  
**September 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 3,845,592
Investments	14,033,391
Accounts and Interest Receivable	79,824
Due From Other Governments	377,059
Prepaid Items	88,763
Total Current Assets	18,424,629
Other Assets:	
Capital Assets, Not Being Depreciated:	
Land	2,500,000
Intangibles - Work In Progress	23,354
Capital Assets, Net of Accumulated Depreciation:	
Building and Related Infrastructure	4,987,182
Intangible Assets (E-learning)	52,527
Computer Hardware/Software	190,311
Furniture and Equipment	1,787
Total Capital Assets	7,755,161
Total Assets	26,179,790
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	950,789
Total Deferred Outflows of Resources	950,789

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



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

**Statement of Net Position, (Continued)**

**September 30, 2015**

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Liabilities	5,286,882
Unearned Revenue	100

Expected to be paid within one year:

Compensated Absences	59,954
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Total Current Liabilities	<u>5,346,936</u>
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Noncurrent Liabilities:

Expected to be paid after one year:

Compensated Absences	539,578
Net OPEB Obligation	255,594
Net Pension Liability	2,817,464

Total Noncurrent Liabilities	<u>3,612,636</u>
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Total Liabilities	<u>8,959,572</u>
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**DEFERRED INFLOWS OF RESOURCES**

Pension	385,837
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Total Deferred Inflows of Resources	<u>385,837</u>
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**NET POSITION**

Investment in Capital Assets	7,755,161
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Unrestricted	10,030,009
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Total Net Position	<u><u>\$ 17,785,170</u></u>
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Notes to the Financial Statements are an integral part of this statement



**Children's  
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of Broward County

*Our Focus is Our Children.*

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Activities**  
**Fiscal Year Ended September 30, 2015**

	<b>Governmental Activities</b>
<b>Expenses:</b>	
Program Services:	
Program Services	\$ 58,931,114
Program Support	4,263,718
Total Program Services	63,194,832
General Administration:	
Personal Services	1,704,943
Materials and Services	945,109
Community Redevelopment and Tax Collector Fees	2,043,045
Total General Administration	4,693,097
<b>Total Expenses</b>	<b>67,887,929</b>
<b>Program Revenue:</b>	
Grant Funding, Restricted	1,084,831
Net Program Expense	66,803,098
<b>General Revenues:</b>	
Property Taxes	65,140,776
Investment Earnings	90,344
Grant Funding, Unrestricted	181,858
Miscellaneous Local	859,668
Total General Revenues	66,272,646
Change in Net Position	(530,452)
Net Position - Beginning restated for GASB No. 68 (see note 1 G)	18,315,622
Net Position - End of the Year	\$ 17,785,170

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, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 3,809,647	\$ 35,944	\$ 3,845,591
Investments	14,033,391	-	14,033,391
Accounts and Interest Receivable	79,824	-	79,824
Due From Other Governments	127,360	249,699	377,059
Due From Other Fund	200,000	-	200,000
Prepaid Items	88,763	-	88,763
Total Assets	<u>\$ 18,338,985</u>	<u>\$ 285,643</u>	<u>\$ 18,624,628</u>
<b>LIABILITIES and FUND BALANCE</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 5,201,239	\$ 85,643	\$ 5,286,882
Unearned Revenue	100	-	100
Due to Other Fund	-	200,000	200,000
Total Liabilities	<u>5,201,339</u>	<u>285,643</u>	<u>5,486,982</u>
Fund Balance:			
Nonspendable	88,763	-	88,763
Assigned	4,233,858	-	4,233,858
Unassigned	8,815,025	-	8,815,025
Total Fund Balance	<u>13,137,646</u>	<u>-</u>	<u>13,137,646</u>
Total Liabilities and Fund Balance	<u>\$ 18,338,985</u>	<u>\$ 285,643</u>	<u>\$ 18,624,628</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, 2015**

Fund Balance - Total Governmental Funds (page 32)	\$ 13,137,646
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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	\$ 10,966,994	
Less accumulated depreciation	<u>(3,211,833)</u>	7,755,161

Deferred outflows of resources related to Pensions are recorded in the Statement of Net Position	950,789
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Deferred inflows of resources related to Pensions are recorded in the Statement of Net Position	(385,837)
---	-----------

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

Compensated Absences		(599,531)
Net OPEB Obligation		(255,594)
Net Pension Liability		<u>(2,817,464)</u>

Net Position of Governmental Activities (page 29)	<u>\$ 17,785,170</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, 2015**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 65,140,776	\$ -	\$ 65,140,776
Grant Funding	181,858	1,084,831	1,266,689
Investment Earnings	90,344	-	90,344
Miscellaneous Local	859,668	-	859,668
<b>Total Revenues</b>	<b>66,272,646</b>	<b>1,084,831</b>	<b>67,357,477</b>
<b>Expenditures:</b>			
<b>Program Services &amp; Support:</b>			
Program Services	57,898,970	976,211	58,875,181
Monitoring/Outcome Materials	55,933	-	55,933
Employee Salaries and Benefits	3,923,676	92,812	4,016,488
Other Consultants	8,250	9,996	18,246
Material and Supplies	5,272	-	5,272
Printing and Advertising	19,471	-	19,471
Software Maintenance	29,908	-	29,908
Travel and Other Expenditures	51,376	5,812	57,188
<b>Total Program Administration</b>	<b>61,992,856</b>	<b>1,084,831</b>	<b>63,077,687</b>
<b>General Administration:</b>			
Employee Salaries and Benefits	1,686,997	-	1,686,997
Legal Fees	32,956	-	32,956
Auditors and Other Consultants	57,221	-	57,221
Materials and Supplies	31,383	-	31,383
Printing and Advertising	6,469	-	6,469
Other General Administration	301,590	-	301,590
Telecommunications	33,239	-	33,239
Travel and Other Expenditures	96,313	-	96,313
Tax Collection Fees	415,019	-	415,019
Community Redevelopment Area Fees	1,628,026	-	1,628,026
<b>Total General Administration</b>	<b>4,289,213</b>	<b>-</b>	<b>4,289,213</b>

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, 2015, (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Capital Outlay:</b>			
Computer Hardware/Software	154,721	-	154,721
Furniture/ Equipment	23,963	-	23,963
Total Capital Outlay	<u>178,684</u>	<u>-</u>	<u>178,684</u>
<b>Total Expenditures</b>	<u>66,460,753</u>	<u>1,084,831</u>	<u>67,545,584</u>
<b>Net Change in Fund Balance</b>	(188,107)	-	(188,107)
<b>Beginning Fund Balance</b>	<u>13,325,753</u>	<u>-</u>	<u>13,325,753</u>
<b>Ending Fund Balance</b>	<u>\$ 13,137,646</u>	<u>\$ -</u>	<u>\$ 13,137,646</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, 2015**

Net Change in Fund Balance		
Total Governmental Funds (page 35)	\$	(188,107)

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

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

Expenditures for capital assets	\$	127,961	
Less current year depreciation		(371,542)	(243,581)

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		(85,723)
Change in Net OPEB Obligation		(26,030)
Change in Net Pension Liability		12,989
Change in Net Position of Governmental Activities (page 31)	\$	(530,452)

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, 2015**

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, 2015**

### **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 with 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 ("21<sup>st</sup> CCLC").

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

## **Notes to the Financial Statements**

**September 30, 2015**

### ***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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the activities 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, pensions and the net OPEB obligations are recorded only when a payment is due.

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

## **Notes to the Financial Statements**

**September 30, 2015**

### **C. Measurement Focus and Basis of Accounting, (Continued)**

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

### **D. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with United States GAAP. The reported budgetary data represents the original and the final amended budgets as approved by the Council Members. Budgets are adopted for all funds and transfers of appropriations between functions require Council approval. The level of control at which expenditures may not legally exceed the budget is at the function level.

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

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

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

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

## **Notes to the Financial Statements**

**September 30, 2015**

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

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").

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, 2015**

***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 and an estimated economic life greater than one year. 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.

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.

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

**Notes to the Financial Statements  
September 30, 2015**

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

In accordance with GASB No. 68 and No. 71, the pension related activity for deferred outflows of resources and deferred inflows of resources on its financial statements (see Note 7 for additional information) for fiscal year ended September 30, 2015 is as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Related-FRS (see footnote 7)	\$ 724,510	\$ (385,837)
Pension Related-HIS (see footnote 7)	226,279	-
<b>Total</b>	<b>\$ 950,789</b>	<b>\$ (385,837)</b>

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 assets and deferred outflows of resources (if applicable) and liabilities and deferred inflows of resources (if applicable). 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.

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

## **Notes to the Financial Statements**

**September 30, 2015**

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

- *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.

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 inflows and outflows 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).



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

## **Notes to the Financial Statements**

**September 30, 2015**

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

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 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.

### ***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.

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

## **Notes to the Financial Statements**

**September 30, 2015**

### ***F. Revenues and Expenditures/Expenses, (Continued)***

G. *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 deferred outflows and liabilities and deferred inflows, disclosure of contingent assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

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

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

### ***G. Impact of Recently Issued Accounting Principles***

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions an Amendment of GASB No. 27*. The primary objective was to improve financial reporting by state and local governmental for pensions. 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.

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

**Notes to the Financial Statements  
September 30, 2015**

**G. Impact of Recently Issued Accounting Principles**

The following year 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 No. 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 No. 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 No. 68.

The Council participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Department of Management Services (see Note 7 for more details). As a participating employer, GASB Statement No. 68 requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. The effect of the accounting change on net position as previously reported for fiscal year 2014 and prior years is a reduction of \$2,265,501 and is adjusted as of September 30, 2014 as follows:

	<b>Governmental Activities</b>	
Net Position, previously reported		\$ 20,581,123
Adjustment for FRS	\$ (1,206,619)	
Adjustment for HIS	(1,058,882)	
Total pension related adjustment		<u>(2,265,501)</u>
Net Position, restated		<u><u>\$ 18,315,622</u></u>

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

## **Notes to the Financial Statements September 30, 2015**

### ***H. New Accounting Pronouncements***

GASB Statement No. 72- In February 2015, the GASB issued Statement No. 72 *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The provisions of this Statement will be effective for financial statements beginning after June 15, 2015. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No. 73- In June 2015, the GASB issued Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68 are effective for financial statements for fiscal years beginning after June 15, 2016. The requirements of this Statement also addresses financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement No. 67 or for pensions that are within the scope of Statement No. 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged.

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

## **Notes to the Financial Statements September 30, 2015**

### ***H. New Accounting Pronouncements, (Continued)***

GASB Statement No. 74- In June 2015, the GASB issued Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No. 75- In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions*. The primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal years beginning after June 15, 2017. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No. 76- In June 2015, the GASB issued Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The Council is currently evaluating the implementation requirements of this Statement.

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

## **Notes to the Financial Statements September 30, 2015**

### ***H. New Accounting Pronouncements, (Continued)***

GASB Statement No. 77- In August 2015, the GASB issued Statement No. 77 *Tax Abatement Disclosures*. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The provisions of this Statement will be effective for financial statements beginning after December 15, 2015. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No. 78- In December 2015, the GASB issued Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, liabilities, note disclosures, and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Council is currently evaluating the implementation requirements of this Statement.

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

## **Notes to the Financial Statements September 30, 2015**

### ***H. New Accounting Pronouncements, (Continued)***

GASB Statement No. 79- In December 2015, the GASB issued Statement No. 79 *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No. 80- In January 2016, the GASB issued Statement No. 80 *Blending Requirements for Certain Component Units – An amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. It amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The Council is currently evaluating the implementation requirements of this Statement.

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

## **Notes to the Financial Statements September 30, 2015**

### **H. *New Accounting Pronouncements, (Continued)***

GASB Statement No. 81- In March 2016, the GASB issued Statement No. 81 *Irrevocable Split-Interest Agreements*. The objective is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No. 82- In March 2016, the GASB issued Statement No. 82 *Pension Issues-An amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, No. 68, and No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The Council is currently evaluating the implementation requirements of this Statement.



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

## **Notes to the Financial Statements**

**September 30, 2015**

### **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, 2015, the carrying amount of the Council's deposits was \$3,845,592 with a bank balance of \$4,910,114. The Council's deposits at year-end are considered insured and collateralized for custodial credit risk purposes.

#### ***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.

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

**Notes to the Financial Statements  
September 30, 2015**

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

Cash and investments as of September 30, 2015 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
	<u>\$</u>		<u>\$</u>
Cash Deposits	3,845,592	-	3,845,592
Investments with the SBA:			
Florida PRIME	7,368,722	39 days	7,368,722
Wells Fargo Investments:			
Heritage Money Market Fund	3,584,846	16 days	3,584,846
Municipal Cash Management Money Market Fund	<u>3,079,823</u>	13 days	<u>3,079,823</u>
Total Investments	<u>14,033,391</u>		<u>14,033,391</u>
Total Cash and Investments	<u>\$ 17,878,983</u>		<u>\$ 17,878,983</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 2015 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.

***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.

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

**Notes to the Financial Statements  
September 30, 2015**

**3. RECEIVABLES AND PAYABLES**

Accounts and Interest Receivable at September 30, 2015 consists of the following:

	General Fund
Broward Reads Project	\$ 50,747
Taxes Receivable	3,978
Co-Locator Receivable	3,186
Registration Fees	730
Interest Receivable	398
Other	20,785
Total Accounts Receivable	<u>\$ 79,824</u>

Accounts Payable, Salaries and Wages Payable and Accrued Liabilities as of September 30, 2015 consists of the following:

	General Fund	Special Revenue Fund	Total Governmental Funds
Funded Providers	\$ 5,052,369	\$ 65,125	\$ 5,117,494
Administrative	135,528	-	135,528
Professional Services & Other	25,152	-	25,152
Salaries and Wages Payable	(11,810)	20,518	8,708
Total Accounts Payable and Accrued Liabilities	<u>\$ 5,201,239</u>	<u>\$ 85,643</u>	<u>\$ 5,286,882</u>

**4. INTERFUND RECEIVABLES AND PAYABLES**

Interfund Receivables and Payables at September 30, 2015 are as follows:

	Interfund Receivable	Interfund Payable
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 21<sup>st</sup> CCLC grant in the Special Revenue Fund and the General Fund.

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

**Notes to the Financial Statements  
September 30, 2015**

**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 2015 was 0.4882 mills, leaving the millage rate level from the prior fiscal year. However, due to increased property values the tax revenue increased 6.7%. 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, 2014 upon which the fiscal year 2015 levy was based, was approximately \$141.5 billion. There was no property taxes receivable from the tax collector at September 30, 2015.

**6. CAPITAL ASSETS ACTIVITY**

The following is a summary of capital asset activity for the fiscal year ended September 30, 2015:

	Balance at Oct 1, 2014	Additions	Deletions	Balance at Sept 30, 2015
Capital Assets:				
Capital Assets Not Depreciated:				
Land	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Intangibles-Work in Progress	2,801	20,553	-	23,354
Capital Assets Depreciated:				
Building	6,047,681	-	-	6,047,681
Building Infrastructure	261,756	7,666	-	269,422
Computer Hardware/Software	1,468,077	87,456	-	1,555,533
Intangible Assets	240,983	6,510	-	247,493
Furniture and Equipment	317,735	5,776	-	323,511
Total Capital Assets	<u>10,839,033</u>	<u>127,961</u>	<u>-</u>	<u>10,966,994</u>
Less Accumulated Depreciation:				
Building	1,054,172	200,130	-	1,254,302
Building Infrastructure	64,408	11,211	-	75,619
Computer Hardware/Software	1,254,042	111,180	-	1,365,222
Intangible Assets	152,696	42,270	-	194,966
Furniture and Equipment	314,973	6,751	-	321,724
Total Accumulated Depreciation	<u>2,840,291</u>	<u>371,542</u>	<u>-</u>	<u>3,211,833</u>
Capital Assets	<u>\$ 7,998,742</u>	<u>\$ (243,581)</u>	<u>\$ -</u>	<u>\$ 7,755,161</u>

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

**Notes to the Financial Statements**

**September 30, 2015**

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

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

Program Administration	\$ 92,161
General Administration	<u>279,381</u>
Total Depreciation Expense	<u>\$ 371,542</u>

**7. RETIREMENT PLANS-Florida Retirement System**

General Information - All of the Council’s employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county agency, district school board or state university or college within the State of Florida. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes and amendments to the law can be made only by an act of the Florida State Legislature.

Various classes of membership include: Regular class members, Special Risk Administrative Support class members, Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers), Senior Management Service class members, and Elected Officers’ class members. The Council only has employees in two of these classes – Regular Class and Senior Management Service Class. Detailed plan information on the other classes can be found on the website referenced below.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

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

## **Notes to the Financial Statements**

**September 30, 2015**

### **7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

#### **Pension Plan**

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular and Senior Management Service class members. Also, the final average compensation for these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of- living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

## **Notes to the Financial Statements September 30, 2015**

### **7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on statewide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular—7.37% and 7.26%; Senior Management Service—21.14% 21.43%; and DROP participants—12.28% and 18.75%. These employer contribution rates include 1.26% and 1.66% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The Council's contributions, including employee contributions to the Pension Plan, totaled \$321,552 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the Council reported a liability of \$1,469,852 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Council's proportionate share of the net pension liability was based on the Council's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the Council's proportionate share was .011379789 percent, which was an increase of .000795847 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the Council recognized pension expense of \$254,023. In addition the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

**Notes to the Financial Statements  
September 30, 2015**

**7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 155,173	34,860
Change of assumptions	97,559	-
Net difference between projected and actual earnings on Pension Plan investments	-	350,977
Changes in proportion and differences between Council Pension Plan contributions and proportionate share of contributions	411,718	-
Council Pension Plan contributions subsequent to the measurement date	60,060	-
Total	<u>\$ 724,510</u>	<u>385,837</u>

The deferred outflows of resources related to the Pension Plan, totaling \$60,060 result from Council contributions to the Plan subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>Amount</u>
2016	\$ 34,948
2017	(25,112)
2018	(25,112)
2019	264,455
2020	74,795
Thereafter	14,699
Total	<u>\$ 338,673</u>



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

**Notes to the Financial Statements**

**September 30, 2015**

**7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The FRS allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

**Notes to the Financial Statements  
September 30, 2015**

**7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Real Estate (property)	10.0%	6.8%	6.2%	12.0%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
Assumed Inflation – Mean		2.60%		1.90%

Discount Rate - The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Council's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
Council's proportionate share of the net pension liability	\$ 3,808,720	\$ 1,469,852	\$ 476,470

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

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

## **Notes to the Financial Statements**

**September 30, 2015**

### **7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

Payables to the Pension Plan - At September 30, 2015, the Council reported a payable in the amount of \$20,262 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

#### **HIS Plan**

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.26% and 1.66%, respectively. The Council contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Council's contributions to the HIS Plan totaled \$3,494 for the fiscal year ended September 30, 2015.

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

**Notes to the Financial Statements**

**September 30, 2015**

**7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the Council reported a liability of \$1,347,612 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Council's proportionate share of the net pension liability was based on the Council's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the Council's proportionate share was .013213923 percent, which was an increase (decrease) of .001099152 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the Council recognized pension expense of \$3,494. In addition the Council reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	106,022	-
Net difference between projected and actual earnings on HIS Plan investments	730	-
Changes in proportion and differences between Council HIS Plan contributions and proportionate share of contributions	103,081	-
Council HIS Plan contributions subsequent to the measurement date	16,446	-
Total	\$ 226,279	\$ -

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

**Notes to the Financial Statements  
September 30, 2015**

**7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

The deferred outflows of resources related to the HIS Plan, totaling \$16,446 resulting from Council contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	<u>Amount</u>
2016	\$ 52,086
2017	35,640
2018	35,640
2019	35,492
2020	35,421
Thereafter	<u>32,000</u>
Total	<u>\$ 226,279</u>

Actuarial Assumptions – The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.80 %

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

**Notes to the Financial Statements**

**September 30, 2015**

**7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

Discount Rate - The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Council's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

	1% Decrease ▼ (2.80%)	Current Discount Rate ▼ (3.80%)	1% Increase ▼ (4.8%)
Council's proportionate share of the net pension liability	\$ 1,535,541	\$ 1,347,612	\$ 1,190,908

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2015, the Council reported a payable in the amount of \$342 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

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

## **Notes to the Financial Statements**

**September 30, 2015**

### **7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

#### **Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Council employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30% and Senior Management Service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance.

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

## **Notes to the Financial Statements**

**September 30, 2015**

### **7. RETIREMENT PLANS-Florida Retirement System, (Continued)**

For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Council

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Council's Investment Plan pension expense, including employee contributions to the Investment Plan totaled \$177,853 for the fiscal year ended September 30, 2015.

#### ***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.

### **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, 2015 there is one retiree participating in the group health program.



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

**Notes to the Financial Statements**

**September 30, 2015**

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

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	\$ 20,736
Amortization of Accrued Liability	4,940
Annual OPEB Cost	<u>25,676</u>
Adjustment for Timing	1,027
Annual Required Contribution	<u>26,703</u>
Interest on Net OPEB Obligation (NOO)	9,183
NOO Amortization adjustment to the ARC	<u>(7,958)</u>
Annual OPEB Cost	27,928
Estimated Annual Employer Contribution (pay-as-you-go)	<u>(1,898)</u>
Change in Net OPEB Obligation	26,030
Net OPEB Obligation - Beginning of Year	229,564
Net OPEB Obligation - End of Year	<u><u>\$ 255,594</u></u>

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

**Notes to the Financial Statements  
September 30, 2015**

**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 2015 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>
9/30/2013	\$ 33,656	7.5%	\$ 205,767
9/30/2014	\$ 25,538	6.8%	\$ 229,564
9/30/2015	\$ 27,928	7.1%	\$ 255,594

The funded status of the plan as of October 1, 2014 was as follows:

Actuarial Accrued Liability	\$ 148,207
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 148,207
Funded Ratio	0%
Covered Payroll	\$ 3,941,919
UAAL as a percentage of covered payroll	3.8%

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, 2015**

**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, 2015**

**10. COMMITMENTS AND CONTINGENCIES**

Operating Leases:

The Council is committed under various operating leases for office equipment. Lease expenditures for office equipment for the fiscal year ended September 30, 2015 amounted to \$5,870. Future minimum base lease payments for these leases are as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Minimum Equipment Lease Payment</b>
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, 2015 that will be re-appropriated in the subsequent year are as follows:

General Fund:	
Program Services and Support	\$ 312,134
General Administration	459,362
Facilities Reserves	105,000
Capital Outlay	157,362
Total Encumbrances	<u>\$ 1,033,858</u>

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

**Notes to the Financial Statements  
September 30, 2015**

**11. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for fiscal year ended September 30, 2015:

	Beginning Balance Oct 1, 2014	Increases	Decreases	Ending Balance Sept 30, 2015	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 472,208	\$ 335,524	\$ (292,304)	\$ 515,428	\$ 51,544
Sick Leave Accrual	41,601	164,036	(121,534)	84,103	8,410
Net Pension Liability	1,778,537	1,038,927	-	2,817,464	-
Net OPEB Obligation	229,564	26,030	-	255,594	-
Total Long Term Liabilities	\$ 2,521,910	\$ 1,564,517	\$ (413,838)	\$ 3,672,589	\$ 59,954

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 1) 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 \$88,763 of prepaid items as Nonspendable since these items are not expected to be converted to cash.
- *Restricted Fund Balance* – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation. The Council does not have any Restricted Fund Balance.

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

## **Notes to the Financial Statements**

**September 30, 2015**

### **12. FUND BALANCE, (Continued)**

- *Committed Fund Balance* – amounts constrained to specific purposes by the formal action of the Council itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Council Members take the same highest level action (i.e., Resolution or Issue Paper) to remove or change the constraint. The Council does not have any Committed Fund Balance.
- *Assigned Fund Balance* – amounts the Council intends to use for a specific purpose but are neither restricted nor committed. Intent can be expressed by the Council Members or by an official to which the Council Members delegates authority. The Council has a total of \$4,233,858 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 \$312,134 for various programmatic goals and support in the subsequent year, while the remaining \$721,724 of encumbrances is for general administration, facility reserves and capital outlay. The second category of Assigned Fund Balance is \$3.2 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 fund amount of Unassigned Fund Balance is \$7,001,535. The remaining Unassigned Fund Balance is \$1,813,490.

### **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, 2015 the Council reported \$1,175,760 in grant funding, including state matching funds amounting to \$90,929 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, 2015**

**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			
Florida Department of Education			
21st Century Community			
Learning Centers	2015	----	\$ 348,073
Total Match			<u>\$ 348,073</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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 65,616,870	\$ 65,616,870	\$ 65,140,776	\$ (476,094)
Grant Funding	300,000	300,000	181,858	(118,142)
Investment Earnings	35,000	35,000	90,344	55,344
Miscellaneous Local	759,929	852,776	859,668	6,892
<b>Total Revenues</b>	<b>66,711,799</b>	<b>66,804,646</b>	<b>66,272,646</b>	<b>(532,000)</b>
<b>Expenditures:</b>				
<b>Program Services and Support:</b>				
Program Services	61,290,008	61,383,299	57,898,970	3,484,329
Monitoring/Outcome Materials	73,000	73,000	55,933	17,067
Employee Salaries and Benefits	4,231,521	4,318,100	3,923,676	394,424
Other Consultants	8,000	8,250	8,250	-
Material and Supplies	10,770	11,287	5,272	6,015
Printing and Advertising	16,368	28,272	19,471	8,801
Software Maintenance	68,738	55,603	29,908	25,695
Travel and Other Expenditures	63,614	64,078	51,376	12,702
<b>Total Program Services and Support</b>	<b>65,762,019</b>	<b>65,941,889</b>	<b>61,992,856</b>	<b>3,949,033</b>
<b>General Administration:</b>				
Employee Salaries and Benefits	2,016,443	1,927,027	1,686,997	240,030
Legal Fees	36,438	36,438	32,956	3,482
Auditors and Other Consultants	61,235	87,002	57,221	29,781
Materials and Supplies	56,402	52,081	31,383	20,698
Printing and Advertising	20,670	15,877	6,469	9,408
Other General Administration	399,483	418,830	301,590	117,240
Telecommunications	63,000	62,980	33,239	29,741
Travel and Other Expenditures	223,440	181,040	96,313	84,727
Tax Collection Fees	430,231	430,231	415,019	15,212
Community Redevelopment Area Fees	1,638,215	1,628,028	1,628,026	2
<b>Total General Administration</b>	<b>4,945,557</b>	<b>4,839,534</b>	<b>4,289,213</b>	<b>550,321</b>

**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, 2015, (Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Capital Outlay:</b>				
Computer Hardware/Software	272,656	272,772	154,721	118,051
Furniture/ Equipment	14,390	33,274	23,963	9,311
<b>Total Capital Outlay</b>	<u>287,046</u>	<u>306,046</u>	<u>178,684</u>	<u>127,362</u>
<b>Total Expenditures</b>	<u>70,994,622</u>	<u>71,087,469</u>	<u>66,460,753</u>	<u>4,626,716</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (4,282,823)</u>	<u>\$ (4,282,823)</u>	<u>(188,107)</u>	<u>\$ 4,094,716</u>
<b>Beginning Fund Balance</b>			<u>13,325,753</u>	
<b>Ending Fund Balance</b>			<u>\$ 13,137,646</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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenue:</b>				
Local Sources:				
Grant Funding	\$ 1,326,469	\$ 1,326,469	\$ 1,084,831	(241,638)
<b>Expenditures:</b>				
<b>Program Services:</b>				
Program Services	1,185,668	1,185,668	976,211	209,457
<b>Program Administration:</b>				
Employee Salaries and Benefits	119,709	119,709	92,812	26,897
Other Consultants	9,996	9,996	9,996	-
Travel and Other Expenditures	11,096	11,096	5,812	5,284
Total Program Administration	140,801	140,801	108,620	32,181
<b>Total Expenditures</b>	1,326,469	1,326,469	1,084,831	241,638
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ -	\$ -	-	\$ -
<b>Beginning Fund Balance</b>			-	
<b>Ending Fund Balance</b>			\$ -	

NOTE: GAAP serves as the budgetary basis.



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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2014	\$ -	\$ 148,207	\$ 148,207	0%	\$ 3,941,919 *	3.8%
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%

\* 2014/15 Covered payroll is based on 2013/14 increased with payroll growth assumption (4.0% annually).

Funding commenced in 2008.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Florida Retirement System - Pension Plan**  
**Last Two Years\***

	<b>2015</b>	<b>2014</b>
Children's Services Council of Broward County's proportion of the net pension liability	.011379789%	0.010583942%
Children's Services Council of Broward County's proportionate share of the net pension liability	\$ 1,469,852	\$ 645,776
Children's Services Council of Broward County's covered employee payroll	\$ 4,060,069	\$ 3,634,125
Children's Services Council of Broward County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.20%	17.77%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

\* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for ten years. However, until a full ten year trend is compiled, governments should present information for only those year for which information is available.



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Contributions**  
**Florida Retirement System - Pension Plan**  
**Last Two Years\***

	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 254,023	\$ 234,256
Contributions in relation to the contractually required contribution	(254,023)	\$ (234,256)
Contribution deficiency (excess)	\$ -	\$ -
Children's Services Council of Broward County's covered employee payroll	\$ 4,060,069	\$ 3,634,125
Contribution as a percentage of covered-employee payroll	6.26%	6.45%

\* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for ten years. However, until a full ten year trend is compiled, governments should present information for only those year for which information is available.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Florida Retirement System-Health Insurance Subsidy Program**  
**Last Two Years\***

	<b>2015</b>	<b>2014</b>
Children's Services Council of Broward County's proportion of the net pension liability	0.0132139230%	0.012114771%
Children's Services Council of Broward County's proportionate share of the net pension liability	\$ 1,347,612	\$ 1,132,761
Children's Services Council of Broward County's covered employee payroll	\$ 4,060,069	\$ 3,634,125
Children's Services Council of Broward County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.19%	31.17%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

\* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for ten years. However, until a full ten year trend is compiled, governments should present information for only those year for which information is available.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Contributions**  
**Florida Retirement System-Health Insurance Subsidy Program**  
**Last Two Years\***

	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 3,494	\$ 3,666
Contributions in relation to the contractually required contribution	(3,494)	(3,666)
Contribution deficiency (excess)	\$ -	\$ -
Children's Services Council of Broward County's covered employee payroll	\$ 4,060,069	\$ 3,634,125
Contribution as a percentage of covered-employee payroll	0.09%	0.10%

\* The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for ten years. However, until a full ten year trend is compiled, governments should present information for only those year for which information is available.



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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, 2015**

### **STATISTICAL SECTION**

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

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

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

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**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Net Position by Component**  
**Last Ten Fiscal Years**

(accrual basis of accounting)

**Governmental Activities**

Fiscal Year	Investment in Capital Assets	Unrestricted	Total primary government net position
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
2015	7,755,161	10,030,009	17,785,170





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

(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
Program Services:				
Program Services	\$ 47,995,906	\$ 55,166,003	\$ 56,378,547	\$ 57,163,373
Program Administration	2,498,185	2,678,691	3,107,866	3,187,482
Total Program Services	<u>50,494,091</u>	<u>57,844,694</u>	<u>59,486,413</u>	<u>60,350,855</u>
General Administration:				
Personal Services	1,186,658	1,283,242	1,430,511	1,477,411
Materials and Services	902,565	1,022,516	917,920	843,657
Community Redevelopment and Tax Collector Fees	845,973	1,593,271	1,555,588	1,818,312
Total General Administration	<u>2,935,196</u>	<u>3,899,029</u>	<u>3,904,019</u>	<u>4,139,380</u>
Total primary government expenses	<u>53,429,287</u>	<u>61,743,723</u>	<u>63,390,432</u>	<u>64,490,235</u>
<b>Program Revenues</b>				
Governmental activities:				
Grant Funding, Restricted	628,192	342,861	939,901	501,488
Total primary government program revenue	<u>628,192</u>	<u>342,861</u>	<u>939,901</u>	<u>501,488</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	<u>\$ 52,801,095</u>	<u>\$ 61,400,862</u>	<u>\$ 62,450,531</u>	<u>\$ 63,988,747</u>
<b>General Revenues &amp; Other Changes in Net Position</b>				
Governmental activities:				
Property Taxes	\$ 53,589,647	\$ 61,533,409	\$ 60,092,171	\$ 59,990,448
Investment Earnings	2,119,135	2,672,542	1,095,569	153,990
Grant Funding, Unrestricted	-	223,277	213,830	113,760
Miscellaneous	70,171	83,140	311,815	446,771
Total primary government	<u>\$ 55,778,953</u>	<u>\$ 64,512,368</u>	<u>\$ 61,713,385</u>	<u>\$ 60,704,969</u>
<b>Changes in Net Position</b>				
Total primary government	<u>\$ 2,977,858</u>	<u>\$ 3,111,506</u>	<u>\$ (737,146)</u>	<u>\$ (3,283,778)</u>

Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 56,101,645	\$ 52,760,094	\$ 53,530,318	\$ 53,775,633	\$ 56,159,891	\$ 58,931,114
2,849,711	2,970,323	3,045,224	3,298,033	3,610,414	4,263,718
<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>	<u>63,194,832</u>
1,391,696	1,489,677	1,428,134	1,425,869	1,588,115	1,704,943
1,276,812	971,462	897,537	974,491	1,042,529	945,109
1,809,845	1,762,748	1,679,586	1,716,448	1,856,081	2,043,045
4,478,353	4,223,887	4,005,257	4,116,808	4,486,725	4,693,097
<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>	<u>\$ 67,887,929</u>
\$ 651,736	\$ 271,384	\$ 883,762	\$ 824,043	\$ 710,891	\$ 1,084,831
<u>\$ 651,736</u>	<u>\$ 271,384</u>	<u>\$ 883,762</u>	<u>\$ 824,043</u>	<u>\$ 710,891</u>	<u>\$ 1,084,831</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>	<u>\$ 66,803,098</u>
\$ 60,094,059	\$ 57,795,765	\$ 57,483,644	\$ 59,584,505	\$ 61,362,297	\$ 65,140,776
280,193	111,354	152,865	90,651	16,012	90,344
308,530	2,572,867	343,463	340,968	391,872	181,858
596,866	487,777	643,247	794,695	970,135	859,668
<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>\$ 66,272,646</u>
<u>\$ (1,498,325)</u>	<u>\$ 1,284,843</u>	<u>\$ (1,073,818)</u>	<u>\$ 444,388</u>	<u>\$ (805,823)</u>	<u>\$ (530,452)</u>

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

**Fund Balance, Governmental Funds**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

Fiscal Year	<u>General Fund</u>					Total General Fund
	Reserved	Unreserved	Nonspendable Fund Balance	Assigned Fund Balance	Unassigned Fund Balance	
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
2015			88,763	4,233,858	8,815,025	13,137,646

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

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



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

(modified accrual basis of accounting)

	Fiscal			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>				
Ad Valorem Taxes	\$ 53,589,647	\$ 61,533,409	\$ 60,092,171	\$ 59,990,448
Investment Earnings	2,119,135	2,672,542	1,095,569	153,990
Miscellaneous Local	70,171	83,140	311,815	446,771
Grant Funding	628,192	566,138	1,153,731	615,248
Total revenues	<u>56,407,145</u>	<u>64,855,229</u>	<u>62,653,286</u>	<u>61,206,457</u>
<b>Expenditures</b>				
Program Services and Support	50,456,976	57,842,431	59,449,996	60,243,914
General Administration	2,761,954	3,723,834	3,792,495	3,968,377
Capital Outlay	211,032	130,578	35,463	8,702,529
Total expenditures	<u>53,429,962</u>	<u>61,696,843</u>	<u>63,277,954</u>	<u>72,914,820</u>
Net change in fund balance	<u>\$ 2,977,183</u>	<u>\$ 3,158,386</u>	<u>\$ (624,668)</u>	<u>\$ (11,708,363)</u>

Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 60,094,059	\$ 57,795,765	\$ 57,483,644	\$ 59,584,505	\$ 61,362,297	\$ 65,140,776
280,193	111,354	152,865	1,165,011	1,102,763	1,266,689
609,860	487,777	643,246	90,651	16,012	90,344
947,272	2,844,251	1,227,225	794,695	970,135	859,668
61,931,384	61,239,147	59,506,980	61,634,862	63,451,207	67,357,477
58,993,365	55,717,450	56,557,169	57,002,621	59,683,292	63,077,687
3,889,604	3,773,091	3,628,128	3,764,685	4,087,449	4,289,213
768,421	136,019	57,303	111,417	215,279	178,684
63,651,390	59,626,560	60,242,600	60,878,723	63,986,020	67,545,584
\$ (1,720,006)	\$ 1,612,587	\$ (735,620)	\$ 756,139	\$ (534,813)	\$ (188,107)

**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)
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
2015	140,193,523	26,740,443	9,285,153	21,699,215

Source: Broward County Property Appraiser

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

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

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



Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Council Tax Rate (2)
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
38,053,693	159,864,641	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
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
2015	0.4882	-	0.4882	5.7230	7.4380	0.3842

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)**

<b>2006</b>			
<b>Taxpayer</b>	<b>Taxes Levied</b>	<b>Rank</b>	<b>Percent to Aggregate Taxes Levied</b>
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			
Bellsouth Telecommunications Inc.			
Wal-Mart Stores East	-		
Arium Resort LLC	-		
IH2 Property Florida LP, Altus Group US INC			
IH3 Property Florida LP, Altus Group US INC			
Federal National Mortgage Association			
Diplomat Hotel Owner LLC.			
 Total principal taxpayers	 \$ 59,485		 2.01%

Source: Broward County Revenue Collector

**2015**

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<b>Taxes Levied</b>	<b>Rank</b>	<b>Percent to Aggregate Taxes Levied</b>
\$ 37,531	1	1.11%
-	-	0.00%
-	-	0.00%
5,771	4	0.17%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
-	-	0.00%
9,154	2	0.27%
6,839	3	0.20%
5,655	5	0.17%
4,352	7	0.13%
3,518	8	0.10%
3,077	10	0.09%
3,398	9	0.10%
4,666	6	0.14%
<hr/> <hr/> <b>\$ 83,961</b>		<hr/> <hr/> <b>2.48%</b>

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

<b>Fiscal Year Ended September 30,</b>	<b>Total Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
2006	56,341,477	53,444,968	94.9%	229,045
2007	64,634,697	61,401,903	95.0%	282,509
2008	63,240,600	59,925,176	94.8%	405,974
2009	63,145,444	59,597,697	94.4%	643,125
2010	63,430,596	59,406,863	93.7%	395,916
2011	61,318,170	57,368,232	93.6%	142,821
2012	60,801,037	57,457,936	94.5%	(97,719)
2013	62,564,907	59,460,641	95.0%	(223,176)
2014	64,738,551	61,482,355	95.0%	(192,368)
2015	69,070,390	65,274,088	94.5%	

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

**Total Collections to Date**

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<b>Amount</b>	<b>Percentage of Levy</b>
53,674,013	95.3%
61,684,412	95.4%
60,331,150	95.4%
60,240,822	95.4%
59,802,779	94.3%
57,511,053	93.8%
57,360,217	94.3%
59,237,465	94.7%
61,289,987	94.7%
65,274,088	94.5%

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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>
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	1,869,235	80,905,552	43,283	39.9
2015	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



<b>* Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
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%
265,401	4.70%

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

<b>2006</b>			
<b>Employer (1)</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Broward School Board*	36,853	1	3.8%
Memorial Healthcare System*	9,370	2	1.0%
N. Broward Hospital District*	7,472	3	0.8%
Broward County Government*	6,964	4	0.7%
American Express	4,200	5	0.4%
Motorola	3,500	6	0.4%
Pediatrics Medical Group	2,826	7	0.3%
BCF Financial Corp/BankAtlantic	2,547	8	0.3%
City of Fort Lauderdale	2,250	9	0.2%
Ed Morse Automotive Group	2,200	10	0.2%
<b>Total</b>	<b>78,182</b>		<b>8.1%</b>

\* Includes both full time and part time employees

Sources:

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

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

2015

<b>Employer (1)</b>	<b>Employees (1)</b>	<b>Rank</b>	<b>Percentage of Total County Employment (2)</b>
Broward School Board*	32,600	1	3.4%
Broward County Government*	11,596	2	1.2%
Memorial Healthcare System*	11,500	3	1.2%
N. Broward Hospital District*	8,234	4	0.9%
Nova Southeastern	7,610	5	0.8%
American Express	3,500	6	0.4%
Autonation	3,381	7	0.4%
Ultimate Software	2,550	8	0.3%
City of Fort Lauderdale	2,479	9	0.3%
Interbond Corp. of America dba BrandsMart USA	2,400	10	0.3%
<b>Total</b>	<b>85,850</b>		<b>9.2%</b>

\* Includes both full time and part time employees

Sources:

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

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

<b>Full-time Equivalent Employees as of September 30,</b>	<b>Program Support</b>	<b>General Administration</b>	<b>Grand Total</b>
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
2015	48	15	63

Source: Children's Services Council, Finance Administration

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

**Utilization**

Contract/Program Services	<u>Fiscal Year</u>	Amount	Actual	Under-	Unallocated
		Under	Expenditures		
		Contract			
		(a)	(b)	(c)	(d)
	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%
	2015	99%	94%	5%	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>
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%
2015	106%	100%

- (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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	Budget	Budget	Budget	Budget
Family Strengthening	\$ 9,316,780	\$ 9,392,012	\$ 12,037,427	\$ 11,402,429
Child Welfare/Adoption Promotion	502,773	666,560	322,620	135,000
Youth Development	4,073,174	6,828,797	7,667,084	6,667,236
Delinquency Prevention	3,487,923	3,260,657	3,379,521	2,854,521
Independent Living	524,117	1,109,043	1,433,144	1,351,756
Special Needs	11,666,528	12,879,440	11,568,884	12,331,063
Out of School Time	15,408,202	15,074,138	12,639,864	13,981,899
Early Child Education	6,064,002	6,629,269	6,509,108	6,566,390
Physical Health	1,941,460	2,313,520	2,909,150	2,921,080
System Goals	2,494,019	2,646,187	2,480,838	2,037,043
Unallocated	551,781	591,428	1,663,982	54,848
<b>TOTAL</b>	<b>\$ 56,030,759</b>	<b>\$ 61,391,051</b>	<b>\$ 62,611,622</b>	<b>\$ 60,303,265</b>

Source: Children's Services Council, Finance Administration

Year						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	Budget	Budget	Budget	Budget	Budget	Budget
\$	12,369,120	\$ 11,279,033	\$ 11,894,698	\$ 12,083,464	\$ 12,342,529	\$ 13,368,082
	135,000	135,000	135,000	160,000	160,000	160,000
	6,981,814	5,969,318	6,105,422	6,892,313	7,061,103	8,105,573
	2,904,521	2,964,398	2,988,398	3,018,398	3,299,074	3,819,116
	1,325,000	1,575,000	1,575,000	1,620,200	1,705,743	1,793,734
	9,994,748	9,930,834	9,735,281	9,732,320	9,826,260	10,544,491
	12,821,033	11,937,672	12,060,942	11,057,680	11,595,555	12,305,000
	7,260,000	6,764,045	6,682,700	7,306,189	7,527,142	6,964,718
	2,173,077	2,002,631	1,951,276	1,952,276	1,973,941	2,169,334
	1,928,863	1,963,019	2,161,593	2,298,712	2,444,562	2,147,989
	75,331	202,241	60,629	8,154	63,074	78,262
<b>\$</b>	<b>57,968,507</b>	<b>\$ 54,723,191</b>	<b>\$ 55,350,939</b>	<b>\$ 56,129,706</b>	<b>\$ 57,998,983</b>	<b>\$ 61,456,299</b>



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# ***INTERNAL CONTROLS & COMPLIANCE SECTION***





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**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, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated June 16, 2016.

**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  
June 16, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT 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 Compliance Supplement* that could have a direct and material effect on the Council's major federal program for the fiscal year ended September 30, 2015. 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, 2015.

## **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  
June 16, 2016

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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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:				
Florida Department of Education				
21st Century Community Learning Centers	84.287	---	\$ 1,084,831	\$ 976,211
Department of Health and Human Services -				
Pass-through:				
The State of Florida Department of Children and Families -				
Foster Care - Title IV-E	93.658	---	60,880	-
Adoption Assistance - Title IV-E	93.659	---	30,049	-
Total Expenditures of Federal Awards			<u>\$ 1,175,760</u>	<u>\$ 976,211</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, 2015

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### 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, 2015. 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 position 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, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* or cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as a reimbursement. Pass-through entity identifying numbers are presented where available.



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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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**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.

21<sup>ST</sup> 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, 2015**

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**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, 2014 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, 2015, and have issued our report thereon dated June 16, 2016.

**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 Federal Program and Report on Internal Control over Compliance; 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 June 16, 2016, 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**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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 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**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Council for the fiscal year ended September 30, 2015, 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, 2015. 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

June 16, 2016

**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, 2015. 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, 2015.

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  
June 16, 2016





## **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.*

