

**Children's Services Council of Broward County
Finance Committee Meeting**

**LOC: Florida Department of Health – Broward County
Executive Conference Room
780 SW 24th St.
Fort Lauderdale, FL 33315**

Agenda

February 13, 2019

9:30 am

- | | | | |
|------|--|----------|--|
| I. | Welcome and Introductions | | Paula Thaqi, Committee Chair |
| II. | Approve June 11, 2018, Finance Committee Minutes | (Tab 27) | Paula Thaqi, Committee Chair |
| III. | Auditor's Required Communications | (Tab 28) | Andrew Fierman, CPA Caballero, Fierman, Llerena & Garcia, LLP |
| IV. | Review FY18 Draft Comprehensive Annual Financial Report (CAFR) | (Tab 29) | Monti Larsen, COO |
| V. | Discuss Increasing Program Provider Administrative Rate | (Tab 30) | Monti Larsen, COO |
| VI. | Discuss Possible Budget Allocation for Advocacy at the Federal Level | | Cindy Arenberg Seltzer, President/CEO |
| VII. | General & Member's Comments | | Paula Thaqi, Committee Chair |

TAB 27

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Finance Committee Minutes
6600 W. Commercial Blvd
Lauderhill, FL 33319

June 11, 2018 @ 3:05 p.m.

CSC Members in Attendance: Health Department Director Paula Thaqi, M.D., Committee Chair; Governor Appointee Tom Powers; Governor Appointee Ana Valladares (via phone).

CSC Members not in Attendance: Governor Appointee Maria Schneider

Staff in Attendance: Cindy Arenberg Seltzer, President/CEO; Monti Larsen, COO.

Agenda:

I. **Call to Order:** Dr. Thaqi called the meeting to order at 3:05 p.m.

II. Revenue Update:

Cindy Seltzer presented a chart highlighting the preliminary net increase in property values estimated to provide an additional \$5.5 million increased revenue in FY 18/19. The increase of 6.85% is less than the advertised increase of 7.67% due to the adjustments made by the Value Adjustment Board over the last year.

III. Review PPC Programmatic Recommendations:

The Finance Committee reviewed the Budget Follow-up Issue paper approved by the Program Planning Committee (PPC) on June 5th. Dr. Thaqi raised concerns regarding the Water Safety item and the possible need for an additional social marketing campaign for Water Watchers. Mr. Powers asked if we could look to other communities for direction with what they have done regarding drowning prevention marketing and both Dr. Thaqi and Cindy Seltzer stated that Broward County is the place other communities come to for best practice ideas and models. They mentioned how other system barriers have been addressed and unfortunately, children remain in danger around water. Staff mentioned that in the next year's public awareness budget there are dollars earmarked for drowning prevention. Dr. Thaqi offered to provide staff information on the amount necessary for an additional marketing campaign for Water Watchers using bus wraps targeted for specific locations. Staff will bring an Issue Paper to the full Council. The remaining items were presented and no questions arose.

ACTION: No action needed as this was previously approved by the PPC.

IV. Draft Tentative FY 18/19 Budget:

Cindy Seltzer presented the Draft Tentative Budget for FY 18/19. She noted that the additional Wish List items approved by the PPC were incorporated into this Budget. She went on to highlight the few increases in the Administrative Budget other than programmatic services which were primarily increases for staff and software maintenance as CSC moves to Software as a Service (SaaS) for Windows, Tableau and other basic systems. Also noted was the large increase in Non-Operating Expenditures for the CRAs and the Property Appraiser fees.

ACTION: Tom Powers made a motion to recommend to the full Council approval of the draft Tentative FY 18/19 Budget as presented, approval of the tentative Millage Rate as presented, and authorization of staff to adjust the Budget based on the Property Appraiser's Final Report and submit the necessary forms to the appropriate officials. The motion was seconded by Ana Valladares and passed with no opposing votes.

V. Revisions to Financial Viability Policy:

Staff presented an Issue Paper requesting approval to increase the Financial Viability thresholds of Provisional and Conditional categories to factor in the 3% COLA that had been approved for the programs at the May Budget Retreat. Additionally, staff requested policy approval to automatically raise these Financial Viability threshold amounts when there are Council approved COLAs in the future. Tom Powers requested that when this Issue Paper is brought forward to the Council for approval, for the two action items be separated.

ACTION: Tom Powers made a motion to recommend to the full Council approval of the revisions for the Financial Viability Policy, as amended. The motion was seconded by Ana Valladares and passed with no opposing votes.

VI. General & Members' Comments:

There were none.

The meeting adjourned at 4:35pm.

TAB 28



(Date)

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

We have audited the financial statements of the governmental activities and each major fund of the Children's Services Council of Broward County (the "Council") for the fiscal year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 26, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Council are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the retirement plans in Note 7 to the basic financial statements.

The disclosure of the other post-employment benefits other than pensions in Note 8 to the basic financial statements.

The disclosure of the commitments and contingencies in Note 10 to the basic financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected or corrected misstatement to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated (Date).

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Budgetary Comparison, Pension and Other Post-Employment Benefits Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has 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.

Restriction on Use

This information is intended solely for the information and use of the Council members and management of the Children's Services Council of Broward County and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Caballero Fierman Llerena & Garcia, LLP

TAB 29



For Finance Committee Meeting

February 13, 2019

| | |
|-----------------------|--|
| Issue: | Comprehensive Annual Financial Report ("CAFR") for Fiscal Year Ending September 30, 2018 |
| Action: | <ol style="list-style-type: none">1. Accept Auditor's Report for Fiscal Year Ending September 30, 20182. Approve Draft CAFR for Fiscal Year Ending September 30, 2018 |
| Budget Impact: | N/A |

Background: The fiscal year-end 2017/18 Preliminary Financial Statements were reviewed and approved at the November 16th Council meeting. These statements are the basis for the CAFR for fiscal year ending September 30, 2018. The CAFR presents two perspectives of accounting as required by the Government Accounting Standards Board ("GASB") to reflect the government's financial position. One perspective is the Government-Wide Financial Statements which converts the information to an accounting method used by most private-sector companies (see page 12 for a fuller description). The other perspective presents Fund Accounting which is how we operate during the year (see page 13 for more information).

Current Status: Since the FY 17/18 Draft CAFR is just under 120 pages, in an effort to promote saving trees, it is separately attached as a pdf for your review; however, if you prefer a hard copy, we can provide one. The full Council will approve the draft CAFR in February with the final printed and bound CAFR being distributed at the Council's March meeting. It will then be submitted to GFOA before the deadline of March 30th for review for Excellence for Financial Reporting. Significant financial highlights for the year include:

- ◆ CSC ended the year with a \$18.4 million total Fund Balance, an increase of \$2,238,947 from the prior year. This increase of Fund Balance is primarily from program under-utilization due to multiple factors including high provider staff turnover and vacancies, a shortened summer program due to School district calendar changes, pockets of low enrollment, etc. Higher than expected interest earnings also contributed to the increase.
- ◆ Total Tax Revenue was slightly under budget by \$128,141. This is usually due to adjustments from the Value Adjustment Board, but CSC may still receive a portion of these tax revenues during FY 18/19.
- ◆ Total Program Services/Support Expenditures increased by \$6.5 million or 9.3% from the prior year. This was expected since the corresponding budget was \$6.2 million or 8.1% higher than the prior year. Final program utilization was 93.31% overall.
- ◆ General Administration came in well under budget with the total actual administrative rate under 4%. Philosophically, while budgeted amounts need to be set slightly higher to allow for unforeseen events during the year, it is a testament to prudent financial management when the actual expenditures repeatedly come in under budget.

During the Finance Committee the auditors will provide a summary highlighting points of interest that are included in the Auditor's Required Communications. This is the second year that Caballero, Feirman, Llerena and Garcia, LLP audited CSC's financial statements and once again, it went very smoothly. There are no adjusting entries made from the preliminary financial statements issued in November. The final CAFR will include the Independent Auditors' Report in which the Council received an "unmodified" opinion. Additional CAFR related Audit Reports include their reports on internal controls and compliance reporting related to the grants that the Council receives.

Recommended Action:

1. Accept Auditor's Report for Fiscal Year Ending September 30, 2018
2. Approve Draft CAFR for Fiscal Year Ending September 30, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Children's Services Council Of Broward County, Florida

**for the
Fiscal Year Ended September 30, 2018**

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
Comprehensive Annual Financial Report
For The Fiscal Year Ended September 30, 2018

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INTRODUCTORY SECTION

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**CHILDREN'S
SERVICES COUNCIL MEMBERS:**

*Cathy Donnelly, Chair
Governor Appointee*

*Tom Powers, Vice Chair
Governor Appointee*

*Hon. Kenneth L. Gillespie, Secretary
Judicial Member*

*Beam Furr, Immediate Past Chair
Broward County Commission*

*Robin Bartleman
Board Member
Broward County Public Schools*

*Emilio Benitez
Governor Appointee*

*Dennis Miles
Southeast Regional Managing
Director
Department of Children & Families*

*Robert W. Runcie
Superintendent
Broward County Public Schools*

*Maria M. Schneider
Governor Appointee*

*Dr. Paula Thaqi
Director
Broward County Health Department*

*Ana M. Valladares
Governor Appointee*

STAFF

*Cindy J. Arenberg Seltzer
President/CEO*

LEGAL COUNSEL

John Milledge

Garry Johnson

February 21, 2019

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 ("the Council") or ("CSC") for the fiscal year that ended September 30, 2018. Florida Statutes require that our financial statements are prepared in conformance with United States Generally Accepted Accounting Principles ("GAAP") and that an external audit be performed by an independent certified public accounting firm in accordance with generally accepted auditing standards. This report is the primary method of reporting the Council's financial activities and satisfies those requirements.

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

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

The Council's financial statements have been audited by Caballero, Fierman, Llerena & Garcia, LLP, a firm of licensed certified public accountants competitively selected by the Council Members on June 15, 2017. This is the second year of a five-year term of the audit engagement since Council policy mandates a five-year audit firm 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, 2018 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, 2018, 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 Compliance Section of this report.

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

CSC Profile

The Children's Services Council of Broward County 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. Further, the Florida Legislature required reauthorization by the voters and in November 2014 the voters

overwhelmingly and enthusiastically endorsed the work and worth of the CSC. 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 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 from the US Census Bureau include: Broward County is a minority-majority county with 36.5% White Non-Hispanic, 29.9% Black Non-Hispanic, 29.7% Hispanic or Latino and 3.9% other. There are an estimated 1.9 million people living in Broward County, of which 412,342 or 21.3% are children under 18 years old (source: Census 2017).

Children's Strategic Plan Leadership

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 and meeting the needs of the community. These efforts are research-driven with an emphasis on evidence-based practices and performance outcomes. 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 over 40 different working committees and subcommittees comprised of representatives from all facets of the Broward child-serving community who meet throughout the year, with the support of Council staff, to fill gaps and to find more efficient ways to provide needed services.

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 including 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 and is in the process of building an Integrated Data System 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 is on the cutting edge of that initiative.

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-informed programs to address any of these newly identified areas, procures specific services through the social service network, and assesses the performance of programs to ensure the desired results are obtained. The Council revisits the May budget recommendations at their monthly meetings in June and August to ensure the final budget is aligned with the goals and objectives and that sufficient resources can be available in preparation for the Truth-in-Millage ("TRIM") hearings, as discussed below.

By statute, the Council must submit a tentative budget and millage rate to the Broward County Commission by July 1st. Once the final property tax values are determined by the Property Appraiser's Office, the Council must hold two public hearings in September as required under the TRIM Act. Each year, following the required disclosures and the conduct of hearings for taxpayer comment, the Council Members set the final tax rates and adopt a budget. The budget is prepared by function and transfers of appropriation between programs require Council approval. Budget-to-Actual comparisons are provided in this report in the Financial Section. Encumbrance accounting is used to reserve budgeted appropriations for obligations incurred but not yet received. All encumbrances lapse at year end.

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.

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. Nine years ago, the Council moved into its 31,500-square foot Silver LEED (Leadership in Energy and Environmental Design) headquarters building which was completely paid through Reserves. The building has become a central place for community meetings and trainings; for fiscal year 2017/18, there were about 120 community meetings and training sessions held in the building. The building is sufficient to meet the Council's current space needs; therefore, no large capital related expenditures are planned at this time.

Economic Conditions and Outlook

South Florida is a wonderful place to live, work and raise a family. Broward County is the nation's 8th largest metropolitan area and offers 23 miles of beaches coupled with the tropical climate, as well as a flourishing melting pot of cultural and multi-ethnic 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.

The local economy is strong with unemployment being quite low. However, housing costs remain high with studies showing that Broward County is one of the most cost-burdened housing markets in the nation. Cost-burden refers to the gap between wages and housing where 30 percent of income is spent on housing. People who spend more than 50 percent are considered "severely cost-burdened" (Habitat for Humanity, 2017). Housing and transportation costs have risen faster than wages creating a disparity and South Florida unfortunately is one of the highest in the nation.

While the economy is strong in certain sectors, there remains a high demand for social needs throughout the community and these past few years continue to be no exception. Thus, it was much welcome news that the Council was able to grow its overall programs budget during this fiscal year by 8.4% because increased property values brought in additional revenue along with a judicious use of fund balance.

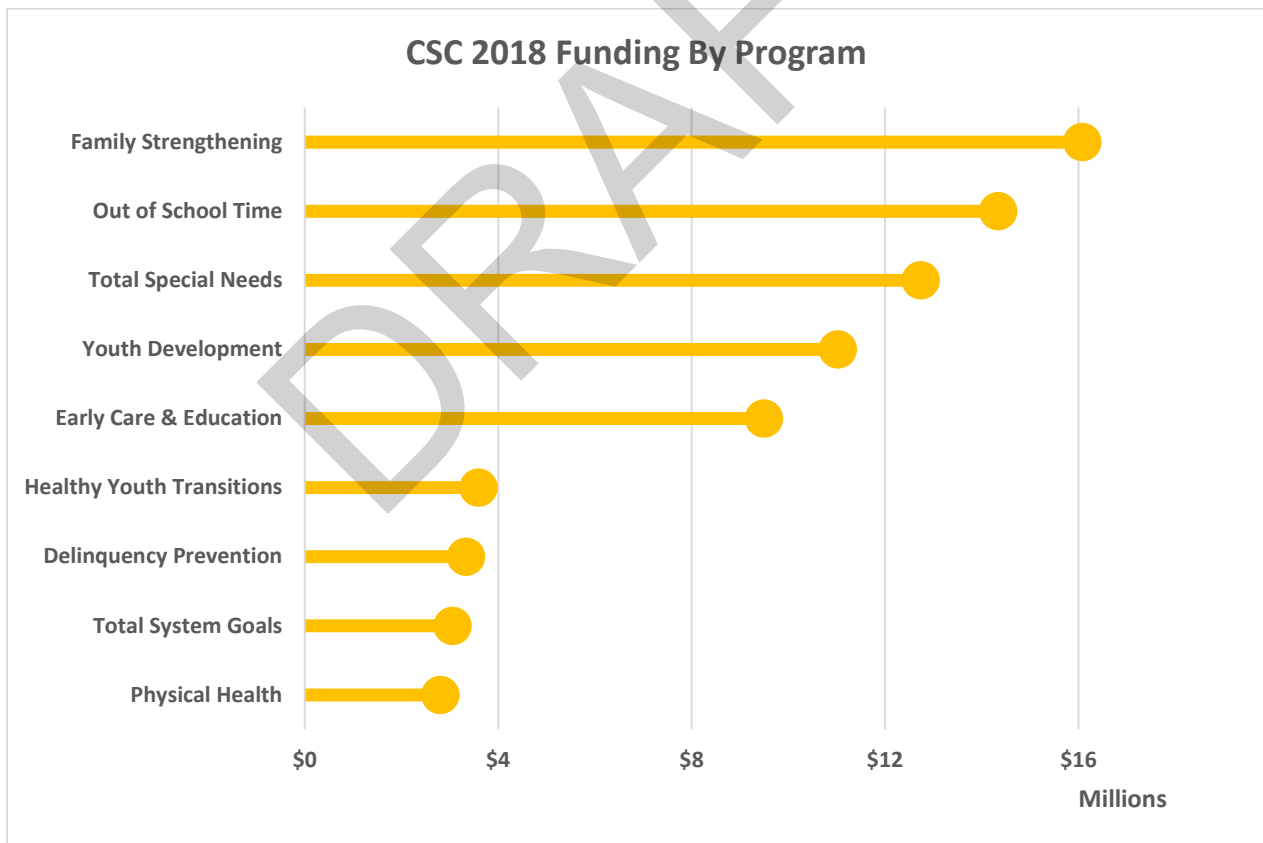
A year ago, in September 2017, Broward County felt the impact of Hurricane Irma, the first hurricane to hit in twelve years. While the damage was not as severe as it could have been, there were pockets of the community that suffered with the loss of housing and other basic needs. The County and various local agencies, including CSC, worked together to help affected families get back on their feet. This hurricane reminded all of us in Broward how important it is to maintain a sense of preparedness, coupled with a strong infrastructure to provide vital community services as necessary.

The County's tourism rate continues to reflect a strong presence of visitors to our community. Various marketing campaigns attract an increasingly diverse mix of domestic and international visitors and continues to receive high volumes of visitors coming to Broward County. The tourism into Broward County remained strong with 12.8 million visitors in 2017, up 4.67% from 2016 and spent more than \$5.8 billion in the community. The local airport and seaport help to bring these tourists to enjoy our beautiful county beaches and many other amenities. The airport ranks 19th in the United States in total passenger traffic with an 11% increase in total passengers from the previous year. The seaport ranks as third largest cruise ports in the world with ten cruise lines. The total number of cruise passengers in 2017 was 4.1 million---second highest in history. This

increase was in spite of one terminal being closed and another slip under construction to meet the needs of today's longer cruise ships.

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. 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 accountability.

Expenditures for Program Services increased this past year with the provider agencies drawing down 93 percent 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 approximately 1,600 full time equivalent positions in the social services area. The chart below illustrates expenditures for Program Services for the fiscal year.



Major Initiatives

On February 14, 2018, our Community suffered a horrible tragedy with multiple fatalities and critical injuries due to a mass shooting at Marjory Stoneman Douglas High School in Parkland, FL. The Council quickly responded to the Community and worked with the School District, the Cities of Parkland and Coral Springs and various organizations to assist in the community response. In the immediate aftermath, this included building bridges and connecting the dots to maximize the effectiveness of local mental health resources. By participating on the League of Cities' task force on School and Community Safety, the President/CEO was able to provide insight on local mental health services and youth programming as well as identified trauma trained therapists and grief counselors and connected them with those in need. The Council provided nationally recognized, evidence based trauma training to therapists throughout the County to ensure there are local specialized trauma therapists to meet the community need. Additionally, the Council is working closely with the federal Office of Victims of Crime and partners to ensure services are available to support this Community on its way to long-term recovery.

The Council had a very busy and constructive year and is looking forward to building upon those programs and successes to promote further gains for Broward's children and families. Ninety-two percent of the annual \$89.4 million budget is allocated for children's services and programs and the related support to serve approximately 150,000 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 106 is a ten-year trend of programmatic expenditures by goal area and on page 3 in the Management's Discussion and Analysis section there are specific programmatic highlights for some of the larger goal areas.

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

- ◆ This was the final year of a three year Performance Partnership Pilot grant, one of only nine federal grants awarded. The original grant was for \$700,000 over 2½ years and in September of 2016, the Council received an additional \$175,000 to enhance the research component. The pilot program's objective was to use federal flexibility to make programs work better for young people. The Council named the program "Best Opportunities to Shine and Succeed" (BOSS) and served youth at risk of not graduating by providing case management, employment readiness, and post-secondary supports to 420 youth in high need high schools. In addition to the federal funds, CareerSource Broward funded \$1 million over 2½ years for case management services together with the Council and other community partners contributing towards the program for a total project cost of \$4.7 million.

The external evaluator's interim results for this program found that the provision of case management services helped youth transition to post-secondary educational opportunities, improved their behavior, completed the state's online course requirements, and increased parental participation in their child's education.

- ◆ Continue to partner with the School District, the Early Learning Coalition, the County Commission, Afterschool and Preschool Providers, and others to take part in a community collaboration known as Broward Reads: The Campaign for Grade Level Reading. Using the Children’s Strategic Plan infrastructure as noted on page iii, the Committee is comprised of dozens of active members from business, non-profit, philanthropic, 21 municipalities and other governmental sectors. As a result Broward was recognized for the past two years as a Pacesetter Community by the National Campaign for Grade Level Reading. Noted successes include recruiting about 1,000 volunteers to read aloud to 40,000 four and five year olds from 79 voluntary pre-Kindergarten centers, over 100 schools and 1,500 Pre-K and Kindergarten classrooms as part of the Broward Reads initiative. The Council, along with other partners, purchased 40,000 books for \$128,000 that were provided to the children so that they could begin their own library collection. Feedback from volunteer readers and the schools was overwhelmingly positive.
- ◆ For the past eight 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. The event continues to draw large numbers of children and families that need a little help with these expenses. The recipients of the backpacks are students identified by School District Social Workers as being economically disadvantaged. The event distributed 7,500 new backpacks filled with all types of school supplies, uniforms, shoes and gently used books. The CSC cost of the event was \$65,000 with \$112,500 donated from the community and another \$355,100 of in-kind donations of goods and services. There were over 400 volunteers, who came together to distribute the backpacks.
- ◆ The Council works closely with various community partners to prevent childhood hunger throughout Broward County and funds an array of prosperity and hunger related programs. Through these initiatives there were over 16,000 children and 4,600 families served, 1.1 million pounds of nutritious and fresh food collected and distributed, and 30,000 meals distributed through the Summer Breakspot program. This mobile Summer Breakspot program builds on partnerships with multiple County partners to provide nutritious meals at multiple public housing and other community sites during the summer months when many children do not have access to food due to school not being in session. The Summer Mobile Breakspot program provided meals five days a week at 11 super sites throughout the County for a cost to CSC of \$58,000. These super sites also provide drowning prevention, child safety, literacy, fitness and culturally enriching activities that benefited over 12,000 children. Outcomes of this innovative program include 69% of children improved their attitude towards reading and 71% improved their knowledge about nutrition. This program was able to draw down \$436,600 of USDA Reimbursement. With the success of the Mobile Breakspot 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. This year the Council procured a comprehensive needs assessment to focus on the following areas: (1) meeting the racial/ethnic needs of the special needs population; (2) strengthening parent advocacy; and (3) developing a birth to age twenty-two Transition Roadmap service delivery continuum model. SNAC agreed to expand the exceptionalities currently addressed (i.e., intellectual and physical disabilities) to include learning disabilities and behavioral health challenges. The SNAC and Council will use the assessment to improve the community outcomes, service delivery system, and policies related to the well-being of children and youth with special needs. The results should be completed next fiscal year.
- ◆ The Council has taken a leading role in addressing racial equity, implicit bias and gender identity issues. These subjects can be uncomfortable to talk about with young people and yet they are front and center in the national dialog. The Council, in partnership with the Broward County Human Services Department and others, brought a series of racial equity workshops to staff, local social services not-for-profit agencies, and community leaders. The two-day workshops have been attended by over 1,000 human and social service professionals, including 200 youth participating in Council funded programs in the hope of removing barriers and improving the ability to raise children to become responsible productive adults. Many of the best practices learned in the workshops are being infused into the Council’s procurements and policies and procedures.
- ◆ Recognizing it is necessary for the non-profit community to be strong in order to provide quality programming to our children and families, the Council leads an Agency Capacity Building Committee. The committee is 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. This past year, the Council sponsored its first Capacity Building Boot Camp with surveys reflecting a 98% satisfaction rate.

The Council’s budget for fiscal year 2017-2018 was \$89.4 million, which included \$2.1 million budget carry forward from the prior fiscal year and \$3.2 million of fund balance. Using \$5.3 million of existing funds coupled with the increase in property values, the Council was able to increase the 2017-18 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, 2017. This was the sixteenth 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

Kathleen Campbell
Director of Finance

Children's Services Council of Broward County

Organizational Chart and List of Principal Officials

Fiscal Year 2017-2018

Broward's Children and their Families

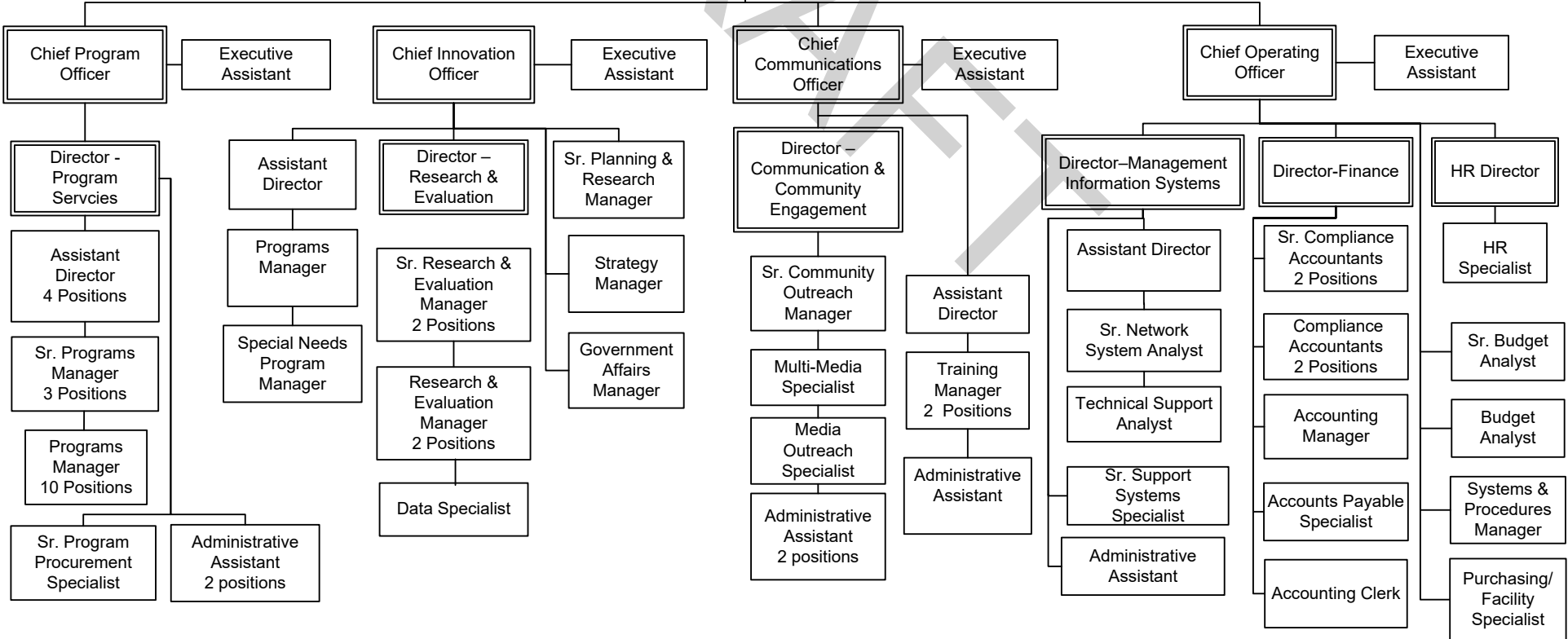
Council Members
 Beam Furr -Chair
 Cathy Donnelly-Vice Chair
 Tom Powers-Secretary
 Members:
 Robin Bartleman; Emilio Benitez;
 Judge Kenneth L. Gillespie; Vern Melvin;
 Robert W. Runcie; Maria M. Schneider;
 Dr. Paula Thaqi; Ana Valladares

Attorney

Auditor

President/CEO
 Cindy J. Arenberg Seltzer

Special Assistant to
 the President/CEO





Government Finance Officers Association

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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, 2017

Christopher P. Morill

Executive Director/CEO



**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

To the 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, 2018, 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 Council'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 Council'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, 2018, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison, Pension and Other Post-Employment Benefits Schedules as listed in the table of contents on pages 3 to 23 and 74 to 82 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory and statistical sections 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 presented for additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated (DATE), 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.

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
(DATE)

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

Our discussion and analysis of the Children's Services Council of Broward County ("the Council") or ("CSC") financial performance provides an overview of the Council's financial activities for the fiscal year ending September 30, 2018. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 24.

FINANCIAL HIGHLIGHTS

Fiscal year ending September 30, 2018 concludes the Council's seventeenth year of funding services that support children and families through programs emphasizing evidence-based prevention strategies. 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. About 200 programs are delivered by just under 100 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 fiscal year:

- ◆ Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of fiscal year 2017/18 by \$21.2 million (total net position). Of this amount, \$13.6 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and providers.
- ◆ The Council's total net position increased by \$376,131 from last fiscal year for a total of \$1,744,387. Revenues increased due to higher property values which resulted in additional ad valorem tax revenue. These additional revenues allowed an 8.5% growth in program services.
- ◆ At the close of the fiscal year, the Council's governmental funds reported a fund balance of \$18.4 million, an increase of 14% or \$2,238,947 from the prior year. The increase is due to additional tax revenues and a slight under-utilization from the provider contracts. Of this \$18.4 million fund balance, \$11.4 million is available for spending at the Council's discretion (*unassigned fund balance*). However, this Unassigned Fund Balance includes \$8.4 million that is maintained as minimum fund balance following best practice policy per the GFOA. The *assigned fund balance* increased substantially by \$1.4 million from the prior year which will be used for the subsequent year's budget priorities (FY 18/19).

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

- ◆ Levied tax revenue generated through the TRIM process totaling \$82.4 million, which was a notable increase of \$6.4 million or 8.5% from the prior year. This increase was attributable to higher property values throughout the County; yet, the millage rate remained unchanged. Although the increase was noteworthy, the needs of the community for preventive, evidence-based children's services remains quite high as the Council and Community continue to strive to meet them.
- ◆ Comparing Fiscal Year 17 to Fiscal Year 18, the Council's total operating budget increased \$6.8 million or 8.2%. This increase continues an upward trend for the past five years. The Council continues to be cautiously optimistic of rising property values and are careful to budget accordingly. The improving economic conditions, which lead to increased tax revenues, will help to provide additional community resources for those areas that continue to struggle economically.
- ◆ The Council appropriated \$5.3 million of fund balance and budget carry-forward in Fiscal Year 17/18 to help offset tax increases while maintaining or expanding 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 Committees. Moreover, all programs funded by the Council remain evidenced-informed and continue to demonstrate strong performance outcomes.

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

- The Council funded literacy and early education services in excess of \$8.1M. These services included subsidized child care slots for under-served "working poor" to reduce the waiting list for services, and slots to allow for immediate placement for children in deemed especially vulnerable such as children of children in foster care, or children in relative care. The Council has also continued its commitment to improving the quality of childcare through training in Positive Behavioral Interventions & Supports. 100% of parents were satisfied with services, and all sites increased verbal and non-verbal interaction of teachers with children. 99% of teachers participating in Positive Behavioral

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

Interventions and Support reported satisfaction with services.

- Out of school programs continue to be one of the largest program areas representing 19% of the overall program budget and expenditures of \$13 million for elementary age children who are economically disadvantaged. These programs were procured last year as part of the normal four-year cycle and with the new focus on project-based learning and other program refinements, the expenditures increased substantially by 11% or over \$1 million from the prior year. These worthwhile programs for children help parents to know that their children are safe and productive in academically enriching and culturally and socially engaging programs after school and on non-school days. These after school and summer programs serve low income, typically developing children attending priority Title 1 schools with 86% or higher free or reduced lunch.

These out-of-school programs are supported by impressive performance outcomes: a) 91% of students improved their reading; b) 100% of students remained safe. Services are provided by 24 agencies at 107 schools and community-based locations throughout the County, serving over 11,300 children in the general population.

Additionally, the Council provides 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 provide 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 \$9.2 million, a 6.8% increase from the prior year. Performance Outcomes highlight: a) 92% of special needs children improved in reading and language development in school year 17-18, b) 100% of children remained safe.

- The Council significantly expanded youth development programs this year with the Learning Together procurement. These new programs were focused on providing services for those hard to

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

reach middle school youth using a racial equity lens to promote healthy development through supportive relationships with adults and peers, community connections, meaningful opportunities for involvement, and challenging and engaging activities and learning experiences. The procurement was awarded to four smaller, niche providers with a maximum funding level of \$250,000 for a total of \$1 million; with one program not being renewed for the FY1819. These are innovative and flexible programs, which are allowing multiple opportunities for the Council, providers and youth to learn from each other, and they are generating positive initial outcomes, such as 93% of the youth did not obtain any new law violations during the program. With this being the first year of a three-year program, the Council is excited by these initial results.

Another, more established middle school initiative, is the Youth FORCE. These programs were substantially increased last fiscal year by 10% or \$786,800 with the release of that procurement. These youth development programs represent 14% of the overall Program Services budget. 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: 100% of female youth did not become pregnant and male youth did not cause pregnancy and 98% youth regularly attended school.

- Years ago the Council partnered with the Florida Department of Education ("FDOE") as the recipient of multiple 21st Century Community Learning Centers ("21st CCLC") grants to fund high school programs. Additionally, two years ago, the Council was awarded a Performance Partnership Pilot ("P-3") grant from the US Department of Education of \$875,000. The P-3 grant was designed to "test innovative, outcome-focused strategies to

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

achieve significant improvements in educational, employment, and other key outcomes for disconnected or disengaged youth using new flexibility to blend existing Federal funds and to seek waivers of associated program requirements.” This was a great opportunity to braid the 21st CCLE programs with Workforce Innovation Opportunity Act (“WIOA”) funding and CSC dollars to create the P-3/BOSS (“Best Opportunities to Shine and Succeed”). This program model creates year-round high school enrichment programs that provide a broad array of activities to support and complement student’s regular academic programs including Science, Technology, Engineering Math (“STEM”) focus, with the BOSS model adding the use of tiered case managers. Tiered case management individually links at-risk youth with the evidence-based and evidence informed educational, employment, and personal development services needed to graduate and achieve post-secondary success. Transportation and USDA snacks are provided by the School District.

It has been the Council’s practice that as FDOE funding sunsets, the Council continues to provide services at these low performing high schools which we have called LEAP High. The Council is one of only a handful of agencies nationwide that sustain these very important programs. There are now eight high schools that are fully sustained through Council funding for an annual total of \$895,303. In fiscal year 2017-18, LEAP High and 21st CCLC programs were offered at 11 low performing high schools within the County. There were 500 students who participated in BOSS programs at six of the 11 high schools.

All of these high school programs provide structured academic support services that empower students to meet/exceed state accountability standards and graduation rates; opportunities for comprehensive educational outreach; cultural, recreational and enrichment activities to increase attendance, reduce drug/alcohol abuse, teen violence, and expose families to literacy and other needed community resources. Outcome results for this challenging age group speak for themselves: 82% of youth improved reading grades; 80% improved math grades; 80% improved science grades; and 98% decreased external suspensions.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

- It is often difficult for youth to find meaningful summer employment opportunities even as economic conditions continue to improve. The Council funds the Summer Youth Employment Program ("SYEP"), providing young people 16-18 years old who participate in CSC High School programming, 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 continues to increase its commitment to this goal to absorb increases to minimum wage while maintaining the total numbers served. CSC's funding for SYEP provided employment opportunities for over 600 teens at 227 different job sites. The provider has been leveraging this funding to generate additional municipal and the private sector funding and worksites. Program attributes include soft-skills training, 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. Enhancements include cultural diversity and ensuring youth in other CSC-funded programs are afforded the opportunity to participate.

Program outcomes remain quite strong as 92% of youth successfully completed the program; 86% demonstrated proficiency in employability and job retention skills; and 98% of employers reported high satisfaction with the youth employees and overall program administration.

- The Council funds innovative programs that form a continuum of care for high school teens with physical and developmental disabilities. Supported Training and Employment Program ("STEP") provides year-round 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 provided 180 young people with disabilities job training and summer employment and from that experience, 39 participants gained employment and 59 either gained employment or were pursuing post-secondary education. These participants were supported by on-site

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

professional "job coaches" at approximately 39 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.

The Youth Work Incentive Counseling ("Y-WIC") component of the program serves as a resource for both the participants and families by extending support and guidance. This service breaks down barriers for youth with special needs to help them and their families understand how employment might impact their Social Security and other benefits. Once they understand the extent to which they can work, 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 increased by 4.8% or \$92,250 from the prior year, with a total commitment of \$2 million. Program outcomes remain quite strong as 95% of youth acquired measurable skills in work required behavior; and 96% acquired measurable skills in daily living activities.

- The Council funds two additional significant youth programs: 1) to divert young offenders with law violations from the juvenile justice system and learn a "life lesson" rather than be stigmatized by the delinquency system—a mark which carries into adulthood; and 2) to help youth aging out of foster care, LGBTQ teens, and youth with delinquency involvement to successfully transition into adulthood. These juvenile diversion programs, as well as the independent living programs represent 9.3% of the overall programmatic expenditures for an annual total of \$6.6 million. The diversion programs served 1,600 youth and the independent living programs served 1,800 youth in fiscal year 2018. Successful outcomes for the diversion programs include: 86% of all youth referred by the State Attorney successfully completed all diversion requirements which typically include civil citations, community service, apology letters and/or restitution to victims, counseling to give youth a second chance, etc. Of those youth, 93% have no law violations during program participation, and no new law violations one year following completion.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

Successful outcomes for the independent living programs include: 90% had stable housing; 78% made progress in school or post-secondary education, graduated or obtained a GED, and/or maintained employment; and 97% youth aged 15-19 did not become pregnant or cause a pregnancy.

- 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. The budget for Family Support programs had a slight 1% increase to continue to address the complex needs of the community. This goal comprises 21% of the program budget for a total of \$16 million and serves over 4,000 families annually.

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, and other maternal/child education supports including safe sleep.

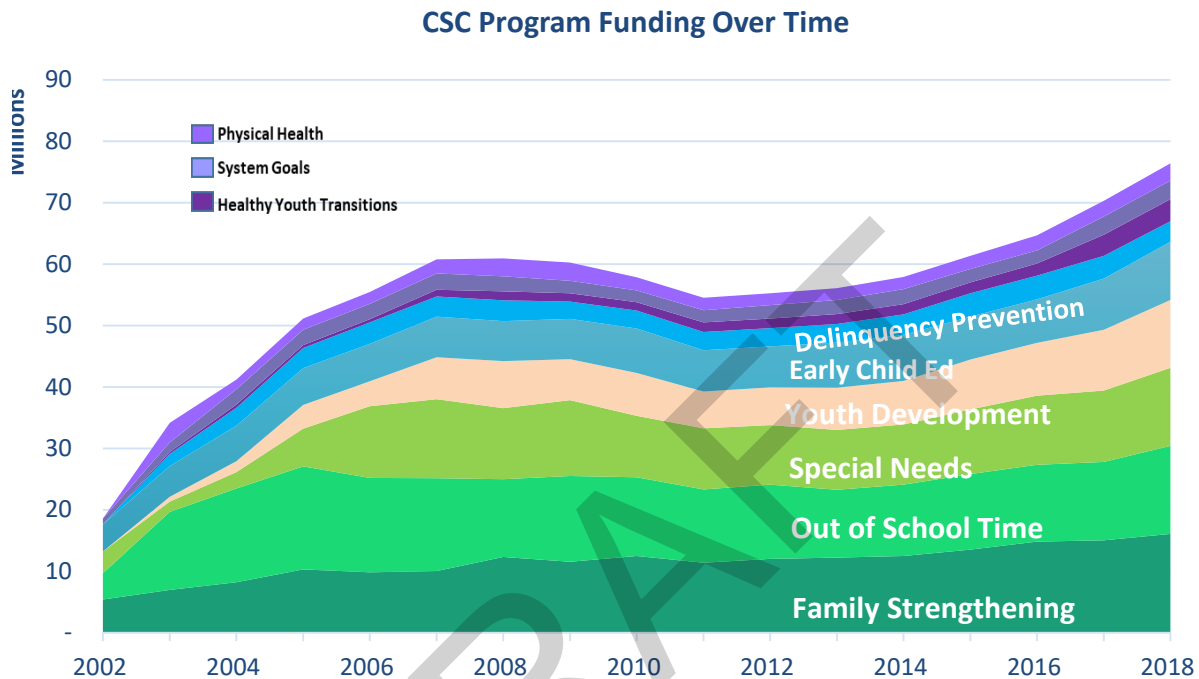
The Council works closely with a network of community partners involved in the child welfare system to coordinate resources, expedite service delivery and share case and resource information. Performance measures for these programs continue to demonstrate strong results: 86% of families participated in all program requirements and 87% of families improved family functioning; 95% of mothers reported fewer symptoms of depression and 95% of mothers demonstrated improvement or acceptable levels of attachment and bonding with their infant.

- The Council released six procurement documents this past fiscal year including Request for Proposals ("RFP") and Request for Qualifications ("RFQ") to continue programmatic services, public affairs outreach and improve operations. New procurements provide opportunities for new elements or evidence-based practices identified through "lessons learned" approach to continuous quality improvement. The procurements included: New DAY programs; Trainer Cadre; Mini Grants; Special Needs Assessment; VITA services; and Banking Services.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

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



USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position (on pages 24 and 25) and the Statement of Activities (on page 27) provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. Fund financial statements begin on page 28. For governmental activities, these statements depict how services were financed in the short term and what remains for future spending. Fund financial statements also report operations in more detail by providing information about the Council's expenditures. The notes to the financial statements (on pages 33 – 71) provide 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 74. The Council remains current in its implementation of all GASB Statements.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

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 also like the accounting used by most private-sector companies. All 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 an alternative format of a single column that reports expenses first followed by revenues.

The *Statement of Net Position* presents information on all the Council's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 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). In this Statement, the 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.

These two statements report the Council's net position and changes in net position. You can think of the Council's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the Council's

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

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 areas where the community need is greatest.

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 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"). Additionally, all governments are required to present consistent fund balance information which will improve financial reporting. More information on the fund balance categories and the respective amounts can be found in

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

the Notes to the Financial Statements beginning on page 69.

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 one grant from the Department of Education Twenty-First Century Community Learning Centers ("21st CCLC") program awarded directly from Florida Department of Education ("FDOE") and a second federal grant from the Performance Partnership Pilot ("P-3"). Both grants sunset at the end of fiscal year 2018.

The Council adopts an annual appropriated budget for all its funds. Budgetary comparison schedules have been provided for both funds and can be found starting on page 74 of the report.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 33 - 71 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 74 to 82 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 seventeenth year of generating tax revenue, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21.2 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, 2018

This current year there was an increase in total net position as explained below.

CSC's Summary Net Position As of September 30,

| | FY 2018 | FY 2017 | Variance |
|--------------------------------|----------------|----------------|-----------------|
| Current Assets | \$ 27,118,888 | \$ 25,490,002 | \$ 1,628,886 |
| Capital Assets | 7,510,054 | 7,284,713 | 225,341 |
| Total Assets | 34,628,942 | 32,774,715 | 1,854,227 |
| Deferred Outflows of Resources | 2,851,488 | 2,701,600 | 149,888 |
| Current Liabilities | 8,782,047 | 9,377,278 | (595,231) |
| Noncurrent Liabilities | 6,922,984 | 6,319,790 | 603,194 |
| Total Liabilities | 15,705,031 | 15,697,068 | 7,963 |
| Deferred Inflows of Resources | 616,905 | 363,813 | 253,092 |
| Net Position: | | | |
| Investment in Capital Assets | 7,510,054 | 7,284,713 | 225,341 |
| Unrestricted | 13,648,440 | 12,130,721 | 1,517,719 |
| Total Net Position | \$ 21,158,494 | \$ 19,415,434 | \$ 1,743,060 |

- ◆ The overall net position of the Council increased for fiscal year 2018 by nine percent. The net increase of \$1,743,060, is attributable to net effect of higher cash and investments from increased property values resulting in more tax revenues and the underutilization of the programs.
- ◆ The change in current assets from Fiscal Year 2017 to Fiscal Year 2018 totaled \$1,628,886. This increase is primarily due to higher cash and investments.
- ◆ Investment in Capital Assets slightly increased from the prior year. Net changes in this line item of \$225,341 relates to purchases of software, software application enhancements and computer equipment. Depreciation of various capital assets is also included in this category. 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

Total depreciation/amortization expense was \$333,490, of which \$211,692 was building related, \$17,322 was for Intangible software enhancements, and \$104,476 was for computer hardware and software and furniture and equipment.

- ◆ Deferred outflows of resources represent a consumption of net position 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 proportional 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 liabilities category is comprised primarily of accounts payable, which decreased by \$595,231 and is chiefly due to the timing of provider invoices for September services. The noncurrent liabilities category reflects an increase of \$603,194 which is primarily due to recognizing the proportionate share of the Florida Retirement System liability, the net Other Post-Employment Benefits (OPEB) liability for eligible retirees for health insurance "implicit subsidy" premiums that may be paid in the future, as well as compensated absences, due to additional personnel costs.
- ◆ Deferred inflows of resources represent an acquisition of net position 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 increased by \$1,517,719 from the prior year primarily because of the increased assets as described above. Higher tax revenues due to increased property values resulted in additional cash and investments, coupled with a positive change in net position as provider utilization was slightly low.
- ◆ 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, 2018**

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

| | Fiscal Years Ended September 30, | | |
|---|---|----------------------|---------------------|
| | FY 2018 | FY 2017 | Variance |
| Revenues: | | | |
| Property Taxes | \$ 82,432,099 | \$ 75,990,468 | \$ 6,441,631 |
| Investment Earnings | 857,633 | 419,042 | 438,591 |
| Other | 2,654,074 | 2,598,854 | 55,220 |
| Total Revenues | 85,943,806 | 79,008,364 | 6,935,442 |
| Expenses: | | | |
| Program Services & Support | 77,687,387 | 71,587,846 | 6,099,541 |
| General Administration | 3,495,857 | 3,270,222 | 225,635 |
| Tax Collector and Community Redevelopment Fees | 3,016,175 | 2,782,040 | 234,135 |
| Total Expenses | 84,199,419 | 77,640,108 | 6,559,311 |
| Increase (Decrease) Net Position | 1,744,387 | 1,368,256 | 376,131 |
| Net Position - Beginning Balance | 19,415,434 | 17,948,041 | 1,467,393 |
| Restatement of Net Position for GASB No. 75 | (1,327) | 99,137 | (100,464) |
| Net Position - End of Year | \$ 21,158,494 | \$ 19,415,434 | \$ 1,743,060 |

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2018, property tax revenue significantly increased by \$6.4 million from the prior year attributable to increased property values. While the millage rate remained unchanged from the prior year's 0.4882 mills, additional tax revenue was generated due to an 8% increase in property values. Property values in South Florida are continuing an upward trend with an average increase of 7.4% over the past three years; 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 utilize 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, 2018

- ◆ **Investment earnings** totaled \$857,633, an increase of \$438,591 in Fiscal Year 2018, which is a notable 105% increase from the prior year. The increase is due to higher interest earned on additional investments, partially due to higher property tax revenues.
- ◆ **Other revenue** includes grants, local foundations, training registration and miscellaneous revenue and for the current year equals \$2,654,074, a 2% increase from the prior year. The increase primarily stems from an increase in local foundation grants and local collaborative events such as the Back-to-School Extravaganza, the Racial Equity-Undoing Racism Initiative and Broward Reads program.

Within this classification includes \$1,365,968 from various federal through state grants related to the Performance Partnership Pilot Agreement ("P-3"), 21st Century Community Learning Centers grant ("21st 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 a 2.4% decrease or \$32,977 for the fiscal year due to the second and final year of the P-3 pilot program as well as the anticipated decline of 21st CCLC grant.

Additional Other Revenue sources total \$1,288,106 and 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, the Racial Equity-Undoing Racism Initiative and local Broward Reads initiative; along with various miscellaneous revenues.

- ◆ **Expenses for Program Services and Support**, which includes program related administration, totaled \$77.7 million in fiscal year 2018; an increase of \$6.1 million or 8.5%. This rather substantial increase was budgeted accordingly to the funded agencies (contract utilization is 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 that, 92.2% of total expenses support various programs and support services for children and families of Broward County.
- ◆ **Expenses for General Administration** totaled \$3.5 million in fiscal year 2018, an increase of \$225,635 or 7% increase from fiscal year 2017. This increase is primarily the result of increased salary and benefit expenses including pension expense as recognized from the proportional share of the Florida Retirement System plan (see note 7). However, general administrative

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

costs represent about 4% 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 had a slight increase of \$30,077 or 5% for fiscal year 2018 with increases for travel, software maintenance, etc.

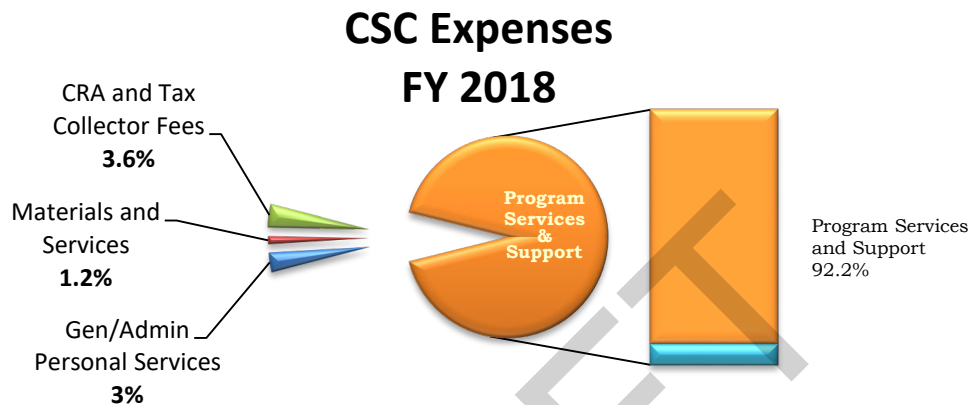
- ◆ **Tax Collector and Community Redevelopment fees** for fiscal year 2018 increased substantially by 8.4% or \$234,135 for a total of \$3 million. The Community Redevelopment fees increased \$192,221 or 8.3% due to the higher property values within those specific areas of the county. The Tax Collector fees are based on the operating budget of the Property Appraisers Office and are allocated among the taxing districts. These fees increased \$41,914 or 8.8% 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, property values within the CRA districts are experiencing quite a rebound as reflected in the substantial increases. In those districts wherein, the Council and the CRA have formed a partnership, \$1,063,373 CRA fees were used for 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 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, 2018

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2018.



Analysis below separately considers the operations of governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As the Council completed its seventeenth year of operations, the governmental funds (as presented in the balance sheet on page 28) reported a total fund balance of \$18.4 million. The fund balance categories, are fully described in the Notes to the Financial Statements on page 41.

- ◆ **Fund balance** increased a total of \$2,238,947 or 14% from the prior year. The primary reason for this increase stemmed from additional appropriations for programs predominantly in youth development, special needs programs, out-of-school-time and early child education goal areas; wherein many of these programs did not fully utilize their contracts which in turn increased fund balance. Additionally, fund balance included \$225,777 of Non-Spendable funds for prepaid items in fiscal year 2018.

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, \$3,200,000 is assigned for subsequent year's budget for fiscal year 2018-19. Additionally, \$3,615,653 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 \$8.4

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

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 \$3,230,822.

- ◆ **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 \$6.8 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$5.1 million) occurred in Program Services reflected in the Council's General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual found on pages 74-77. 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 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 total budget variance affected by unallocated and under-utilization of the contracts is 6.7% or \$5,105,836.
 - The budget for Fiscal Year 2018 included \$598,143 that was not allocated to any specific program but may be appropriated in the subsequent fiscal year. Because various local economic conditions may arise at any time, the Council purposefully left these funds unallocated to have flexibility in meeting unexpected needs of the community.
 - The budget variance for Program Support was \$577,610, of which 80.6% was salary/benefit lapse. General Administration budget variances totaled \$864,452 of which 30% was salary/benefit lapse. Additional budget variances were noted in software maintenance and facilities management (which add to building maintenance reserves). Additionally, \$269,169 budget variances related to Capital Outlay were due to computer purchases not being finalized by fiscal year-end.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

Alternatively, resources available for appropriation (revenues) were \$735,365 over the final budgeted amount. This positive variance is primarily the result of higher than anticipated interest revenue and interest earnings.

OTHER ASSETS and OTHER OBLIGATIONS

At the end of Fiscal Year 2018 the Council had \$7.5 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 the net OPEB liability. 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 considered many factors when setting the subsequent fiscal-year's budget and tax rates during their May 2018 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.

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 has reached new lows, 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. Broward continues to have a high percentage of households that 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.

Property values continue to trend upwards for the past six years, with a significant 8% countywide increase last year. Additionally, from 2017 to 2018,

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Management's Discussion and Analysis Fiscal Year Ended September 30, 2018

Broward County experienced a steep 47% decline in foreclosure activity; continuing a welcoming trend over the past three years, especially since foreclosures in this area were some of the highest in the nation for several years from 2009-2014. While this is good news for some homeowners, many other groups are feeling pressure as rent for a two-bedroom home increased 6.12% year-over-year.

The local inflation rate within the greater Fort Lauderdale/Miami region increased 2.9% last year as compared to a 1.9% increase nationally. 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, contribute to this higher local consumer price index than the national average.

Unemployment in Broward County as of September 2018 ticked slightly downward from 3.3% to 2.8%. The local unemployment data is lower than the State's unemployment rate of 3.5% and lower than national rate of 3.8%. The slight dip in the Broward County unemployment rate is part of the ebb and flow at that specific time period and has remained steady throughout the year.

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 2018-2019 fiscal year, local property values had a substantial 8% increase which allowed the Council Members to maintain the millage rate at 0.4882 mills but generated an additional \$6.4 million of tax revenue. Additionally, the Council members voted to appropriate \$3.2 million of fund balance, coupled with \$3.6 million 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.

REQUESTS FOR INFORMATION

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Net Position
September 30, 2018

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| Current Assets: | |
| Cash | \$ 1,733,321 |
| Investments | 24,603,388 |
| Accounts and Interest Receivable | 132,032 |
| Due From Other Governments | 424,370 |
| Prepaid Items | 225,777 |
| Total Current Assets | 27,118,888 |
| Other Assets: | |
| Capital Assets, Not Being Depreciated: | |
| Land | 2,500,000 |
| Intangibles - Work In Progress | 290,000 |
| Capital Assets, Net of Accumulated Depreciation: | |
| Building and Related Infrastructure | 4,351,557 |
| Intangible Assets | 47,621 |
| Computer Hardware/Software | 241,374 |
| Furniture and Equipment | 79,502 |
| Total Capital Assets | 7,510,054 |
| Total Assets | 34,628,942 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension Plans: | |
| Florida Retirement System | 2,356,599 |
| Health Insurance Subsidy | 494,889 |
| Total Deferred Outflows of Resources | 2,851,488 |

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, 2018

LIABILITIES

| | |
|---|-------------------|
| Current Liabilities: | |
| Accounts Payable and Accrued Liabilites | 8,660,147 |
| Unearned Revenue | 28,320 |
| Expected to be paid within one year: | |
| Compensated Absences | 93,580 |
| Total Current Liabilities | <u>8,782,047</u> |
| Noncurrent Liabilities: | |
| Expected to be paid after one year: | |
| Compensated Absences | 842,221 |
| OPEB Liability | 107,644 |
| Net Pension Liability: | |
| Florida Retirement System | 4,267,980 |
| Health Insurance Subsidy | 1,705,139 |
| Total Noncurrent Liabilities | <u>6,922,984</u> |
| Total Liabilities | <u>15,705,031</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|---------------------------------------|----------------|
| Pension Plans: | |
| Florida Retirement System | 346,535 |
| Health Insurance Subsidy | 183,179 |
| Other Post Employment Benefits (OPEB) | 87,191 |
| Total Deferred Inflows of Resources | <u>616,905</u> |

NET POSITION

| | |
|------------------------------|-----------------------------|
| Investment in Capital Assets | 7,510,054 |
| Unrestricted | 13,648,440 |
| Total Net Position | <u><u>\$ 21,158,494</u></u> |

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



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Activities
Fiscal Year Ended September 30, 2018

| | Governmental Activities |
|--|------------------------------------|
| Expenses: | |
| Program Services: | |
| Program Services | \$ 71,309,031 |
| Program Support | 6,378,356 |
| Total Program Services | 77,687,387 |
| General Administration: | |
| Personal Services | 2,547,538 |
| Materials and Services | 948,319 |
| Community Redevelopment and Tax Collector Fees | 3,016,175 |
| Total General Administration | 6,512,032 |
| Total Expenses | 84,199,419 |
| Program Revenue: | |
| Grant Funding, Restricted | 1,112,377 |
| Net Program Expense | 83,087,042 |
| General Revenues: | |
| Property Taxes | 82,432,099 |
| Investment Earnings | 857,633 |
| Grant Funding, Unrestricted | 253,591 |
| Miscellaneous Local | 1,288,106 |
| Total General Revenues | 84,831,429 |
| Change in Net Position | 1,744,387 |
| Net Position - Beginning restated for GASB No. 75 (see note 1G) | 19,414,107 |
| Net Position - End of the Year | \$ 21,158,494 |

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, 2018

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-------------------------------------|---|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | \$ 1,681,682 | \$ 51,639 | \$ 1,733,321 |
| Investments | 24,603,388 | - | 24,603,388 |
| Accounts and Interest Receivable | 132,032 | - | 132,032 |
| Due From Other Governments | 161,754 | 262,616 | 424,370 |
| Due From Other Fund | 300,000 | - | 300,000 |
| Prepaid Items | 225,777 | - | 225,777 |
| Total Assets | <u>\$ 27,104,633</u> | <u>\$ 314,255</u> | <u>\$ 27,418,888</u> |
| LIABILITIES and FUND BALANCE | | | |
| Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | \$ 8,645,892 | \$ 14,255 | \$ 8,660,147 |
| Unearned Revenue | 28,320 | - | 28,320 |
| Due to Other Fund | - | 300,000 | 300,000 |
| Total Liabilities | <u>8,674,212</u> | <u>314,255</u> | <u>8,988,467</u> |
| Fund Balance: | | | |
| Nonspendable | 225,777 | - | 225,777 |
| Assigned | 6,815,653 | - | 6,815,653 |
| Unassigned | 11,388,991 | - | 11,388,991 |
| Total Fund Balance | <u>18,430,421</u> | <u>-</u> | <u>18,430,421</u> |
| Total Liabilities and Fund Balance | <u>\$ 27,104,633</u> | <u>\$ 314,255</u> | <u>\$ 27,418,888</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, 2018

Fund Balance - Total Governmental Funds (page 28) \$ 18,430,421

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 | \$ 10,425,180 | |
| Less accumulated depreciation | <u>(2,915,126)</u> | 7,510,054 |

| | | |
|--|--|-----------|
| Deferred outflows of resources related to Pensions are recorded in the Statement of Net Position | | 2,851,488 |
|--|--|-----------|

| | | |
|--|--|-----------|
| Deferred inflows of resources related to Pensions and OPEB are recorded in the Statement of Net Position | | (616,905) |
|--|--|-----------|

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

| | | |
|---------------------------|--|--------------------|
| Compensated Absences | | (935,801) |
| OPEB Liability | | (107,644) |
| Net Pension Liability: | | |
| Florida Retirement System | | (4,267,980) |
| Health Insurance Subsidy | | <u>(1,705,139)</u> |

| | | |
|---|--|-----------------------------|
| Net Position of Governmental Activities (page 25) | | <u><u>\$ 21,158,494</u></u> |
|---|--|-----------------------------|

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Statement of Revenues, Expenditures and
Changes In Fund Balance - Governmental Funds
Fiscal Year Ended September 30, 2018

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|---|---------------------|-------------------------------------|---|
| Revenues: | | | |
| Ad Valorem Taxes | \$ 82,432,099 | \$ - | \$ 82,432,099 |
| Grant Funding | 253,591 | 1,112,377 | 1,365,968 |
| Investment Earnings | 857,633 | - | 857,633 |
| Miscellaneous Local | 1,288,106 | - | 1,288,106 |
| Total Revenues | 84,831,429 | 1,112,377 | 85,943,806 |
| Expenditures: | | | |
| Program Services & Support: | | | |
| Program Services | 71,235,250 | 798,420 | 72,033,670 |
| Monitoring/Outcome Materials | 73,781 | - | 73,781 |
| Employee Salaries and Benefits | 5,139,300 | 104,312 | 5,243,612 |
| Other Consultants | - | 205,461 | 205,461 |
| Material and Supplies | 1,597 | - | 1,597 |
| Printing and Advertising | 3,467 | - | 3,467 |
| Software Maintenance | 23,080 | - | 23,080 |
| Travel and Other Expenditures | 89,779 | 4,184 | 93,963 |
| Total Program Services & Support | 76,566,254 | 1,112,377 | 77,678,631 |
| General Administration: | | | |
| Employee Salaries and Benefits | 2,232,966 | - | 2,232,966 |
| Legal Fees | 38,961 | - | 38,961 |
| Auditors and Other Consultants | 56,861 | - | 56,861 |
| Materials and Supplies | 26,029 | - | 26,029 |
| Printing and Advertising | 8,953 | - | 8,953 |
| Other General Administration | 341,719 | - | 341,719 |
| Telecommunications | 38,629 | - | 38,629 |
| Travel and Other Expenditures | 99,116 | - | 99,116 |
| Tax Collection Fees | 517,542 | - | 517,542 |
| Community Redevelopment Area Fees | 2,498,633 | - | 2,498,633 |
| Total General Administration | 5,859,409 | - | 5,859,409 |

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, 2018, (Continued)

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|-----------------------------------|---------------------|-------------------------------------|---|
| Capital Outlay: | | | |
| Computer Hardware/Software | 150,908 | - | 150,908 |
| Furniture/ Equipment | 15,911 | - | 15,911 |
| Total Capital Outlay | 166,819 | - | 166,819 |
| Total Expenditures | 82,592,482 | 1,112,377 | 83,704,859 |
| Net Change in Fund Balance | 2,238,947 | - | 2,238,947 |
| Beginning Fund Balance | 16,191,474 | - | 16,191,474 |
| Ending Fund Balance | \$ 18,430,421 | \$ - | \$ 18,430,421 |

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, 2018

Net Change in Fund Balance
 Total Governmental Funds (page 31) \$ 2,238,947

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

To write off items that were originally capitalized (i.e., intangible Work-In-Progress, and obsolete computer hardware) which will decrease net position. (57,677)

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 | \$ 616,508 | |
| Less current year depreciation | <u>(333,490)</u> | 283,018 |

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 | (148,301) |
| Change in OPEB Liability | (442) |
| Change in Net Pension Liability: | |
| Florida Retirement System | (476,523) |
| Health Insurance Subsidy | (94,635) |

| | |
|---|----------------------------|
| Change in Net Position of Governmental Activities (page 27) | <u><u>\$ 1,744,387</u></u> |
|---|----------------------------|

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

The Children's Services Council of Broward County ("the 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 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, 2018

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 the activities of the Council. These governmental activities are normally supported by taxes and intergovernmental revenues with any interfund activity 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 function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

- *General Fund* is the Council's primary operating fund and accounts for all financial resources not accounted for in another fund.
- *Special Revenue Fund* accounts for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes. This includes the federal grants from the Department of Education Twenty-First Century Community Learning Centers ("21st CCLC") and the Performance Partnership Pilot ("P3").

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

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 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 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 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 total OPEB obligations are recorded only when a payment is due.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

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 among the Local Government Surplus Funds Trust Fund, the Florida Education Investment Trust Fund and Wells Fargo Advantage Funds.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

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"), which provides regulatory oversight. To accommodate pool participants with readily available cash, a substantial portion of the portfolio is placed in short-term securities ("Florida PRIME").

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.

According to the SBA, the pool follows GASB Statement No. 31 and GASB No. 79 "*Certain External Investment Pools and Pool Participants*" where the Council owns a share of the respective pool, not the underlying securities. Accordingly, the Council's investment in the Florida PRIME are stated at amortized cost. Florida PRIME is exempt from the GASB No. 72 fair value hierarchy disclosures and reports at amortized cost. Additionally, the investments in the Florida PRIME are not insured by FDIC or any other governmental agency.

The Florida Education Investment Trust Fund (FEITF) is a common law trust organized under the laws of the State of Florida. The sponsors of the Fund are the Florida School Boards Association and the Florida Association of District School Superintendents. The Fund is designed to meet cash management and short-term investment needs of school districts, political subdivisions of the State of Florida, or instrumentalities of political subdivisions of the State. FEITF is a local government investment pool (LGIP), which follows GASB Statement No. 79 criteria. The Council's funds invested in the FEITF are exempt from GASB Statement No. 72.

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*. The Council's funds are invested in the Heritage Money Market Fund. The funds invested are exempt from GASB No. 72.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

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

Method Used to Value Investments - The Council reports investment at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of investments are recorded on a trade date basis.

Fair Value Hierarchy - GASB No. 72 "Fair Value Measurement and Application" states that investments that meet specific criteria should be measured and reported at fair value and classified according to the following hierarchy:

Level 1 - Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 - Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable inputs for an asset.

Certain investments, such as money market funds, Florida PRIME and FEITF are not included in the fair value hierarchy as they are reported at amortized cost. Accordingly, the Council does not maintain any investments subject to fair value measurement as of September 30, 2018.

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, furniture, and equipment, are reported in the government-wide financial statements.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

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

Items purchased or acquired are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art, historical works of art and similar items and capital assets received in a service concession arrangement are recorded at acquisition value.

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/amortization 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

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

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.

In accordance with GASB Statements No. 68, No. 71, and No. 75, the related activity for deferred outflows of resources and deferred inflows of resources on its financial statements (see Notes 7 & 8 for additional information) for fiscal year ended September 30, 2018 is as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Pension Related-FRS (see footnote 7) | \$ 2,356,599 | \$ 346,535 |
| Pension Related-HIS (see footnote 7) | 494,889 | 183,179 |
| OPEB Related (see footnote 8) | | 87,191 |
| Total | \$ 2,851,488 | \$ 616,905 |

Summary of Pension and OPEB Expense

| | |
|--|-------------------|
| Pension Expense FRS (see footnote 7) | \$ 476,523 |
| Pension Expense -HIS (see footnote 7) | 94,635 |
| OPEB Expense (see footnote 8) | 442 |
| Total | \$ 571,600 |

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

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

Fund Balance and Flow Assumptions - Generally, Fund Balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications based on the nature and extent to which the Council is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

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

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

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

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

Minimum Fund Balance Policy - In the General Fund, the Council strives to maintain a minimum unassigned fund balance of 8%-10% of the budgeted operating expenditures. This minimum amount is required to manage cash 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).

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

F. Revenues and Expenditures/Expenses

1. Program Revenues - Amounts reported as miscellaneous local revenue include 1) local grants for various programs, 2) donations and contributions for particular events and 3) charges to customers for trainings. All taxes are reported as general revenues rather than program revenues.
2. Property Taxes - Florida laws restrict millage rate increases that a government may levy. In addition to multiple exemptions for most homeowners, a four percent discount is also allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the Council based on the amount of receipts reported by the County Tax Collector.
3. Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and 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.
4. Compensated Absences - The Council employees are granted a specific number of paid vacation and sick leave days. Employees are permitted to accumulate a maximum of 450 hours (60 days) of vacation as of September 30. Excess time is forfeited if not used by the end of the fiscal year.

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2018

G. Impact of Recently Issued Accounting Principles

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. GASB Statement 75 replaces GASB Statement 45.

The Council early implemented GASB 75 in the fiscal year 2016-17. Implementation of this standard a year early, resulted in a cost savings, as the Council would have been required to complete a full GASB 45 valuation for 2016-17, and then complete a full GASB 75 valuation for 2017-18. This would have forced the Council to pay actuarial fees for 2 full valuations in back-to-back years.

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. (See Note 8 for more details).

The net pension liability for the FRS Pension Plan at July 1, 2017, increased by \$10,152,810 due to the restatement of the fund's beginning net position because of the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions*. The effect of the accounting change on the Council's net position as previously reported for fiscal year 2017 and prior years is a decrease of \$1,327 and is adjusted as of September 30, 2017 as follows:

| | Governmental Activities | |
|-----------------------------------|--------------------------------|----------------------|
| Net Position, previously reported | | \$ 19,415,434 |
| Adjustment for FRS OPEB | \$ (1,327) | |
| Total FRS OPEB related adjustment | | (1,327) |
| Net Position, restated | | <u>\$ 19,414,107</u> |

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2018

H. New Accounting Pronouncements

GASB Statement No. 83- In November 2016, the GASB issued Statement No. 83 *Certain Asset Retirement Obligation*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No. 84- In January 2017, the GASB issued Statement No. 84 *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No.87- In June 2017 the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2018

H. New Accounting Pronouncements, (Continued)

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The Council is currently evaluating the implementation requirements of this Statement.

GASB Statement No. 88 - In April 2018 the GASB issued Statement No. 88 *Certain Disclosures Related to Debt, Including Indirect Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. There is no impact to the Council.

GASB Statement No. 89 - In June 2018 the GASB issued Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement will improve financial reporting and will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. There is no impact to the Council.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2018

H. New Accounting Pronouncements, (Continued)

GASB Statement No. 90 - In August 2018 the GASB issued Statement No. 90- *Majority Equity Interests -- An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. There is no impact to the Council.

2. CASH 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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

2. CASH AND INVESTMENTS (Continued)

Cash

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, 2018, the carrying amount of the Council's deposits was \$1,733,321 with a bank balance of \$3,833,349. 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.

Cash and investments as of September 30, 2018 are composed of the following:

| | Reported Amount | Weighted Average Maturity | Fair Value |
|-----------------------------|----------------------|---------------------------------|----------------------|
| Cash Deposits | \$ 1,733,321 | - | \$ 1,733,321 |
| Investments with the SBA: | | | |
| Florida PRIME | 12,054,079 | 33 days | 12,054,079 |
| Investments with the FEITF: | | | |
| FEITF Portfolio | 12,008,133 | 32 days | 12,008,133 |
| Wells Fargo Investments: | | | |
| Heritage Money Market Fund | 541,176 | 21 days | 541,176 |
| Total Investments | <u>24,603,388</u> | | <u>24,603,388</u> |
| Total Cash and Investments | <u>\$ 26,336,709</u> | | <u>\$ 26,336,709</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 the Council's operating investments for fiscal year 2018, were invested with the SBA, the Florida Education Investment Trust Fund (FEITF) and Wells Fargo Advantage Funds.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

2. CASH AND INVESTMENTS (Continued)

The SBA Florida PRIME investment pool, the FEITF and the Heritage Money Market Fund held by Wells Fargo Advantage Funds are all AAAM rated by Standard and Poors. This rating is the highest creditworthiness rate given by the national agency.

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 dollar weighted average days to maturity (WAM) for the Florida PRIME and the FEITF at September 30, 2018 are 33 days and 32 days respectively.

Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of Florida PRIME at September 30, 2018 is 72 days. 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.

Investment Pools and Pool Participants

With regard to redemption dates, Chapter 218.409(8) (a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case, may the time limit set by the Trustees exceed 15 days."

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

2. CASH AND INVESTMENTS (Continued)

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

3. RECEIVABLES AND PAYABLES

Accounts and Interest Receivable at September 30, 2018 consists of the following:

| | <u>General Fund</u> |
|---------------------------|---------------------|
| Back-to-School Project | \$ 44,532 |
| Broward Reads Project | 16,367 |
| Undoing Racism Project | 42,408 |
| Taxes Receivable | 9,047 |
| Interest Receivable | 3,992 |
| Other | 15,686 |
| Total Accounts Receivable | <u>\$ 132,032</u> |

Accounts Payable, Salaries and Wages Payable, and Accrued Liabilities as of September 30, 2018 consists of the following:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---------------------------------|---|
| Funded Providers | \$ 8,231,010 | \$ 14,255 | \$ 8,245,265 |
| Administrative | 109,117 | - | 109,117 |
| Professional Services & Other | 24,528 | - | 24,528 |
| Salaries & Wages Payable | 278,818 | - | 278,818 |
| Employee Reimbursements | 2,419 | - | 2,419 |
| Total Accounts Payable and Accrued Liabilities | <u>\$ 8,645,892</u> | <u>\$ 14,255</u> | <u>\$ 8,660,147</u> |

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

4. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at September 30, 2018 are as follows:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------|---------------------------------|------------------------------|
| General Fund | \$ 300,000 | \$ - |
| Special Revenue Fund | - | 300,000 |
| Total | <u>\$ 300,000</u> | <u>\$ 300,000</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 federal grants in the Special Revenue Fund and the General Fund.

5. PROPERTY TAXES

Florida Statutes permit the Council to levy taxes up to 0.5 mills per \$1,000 of assessed valuation. The rate levied for the Council for fiscal year 2018 was 0.4882 mills, leaving the millage rate level from the prior fiscal year. However, due to increased property values the tax revenue increased 8.5%. 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, 2017 upon which the fiscal year 2018 levy was based, was approximately \$178 billion. The property taxes receivable from the tax collector was \$9,047 at September 30, 2018.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

6. CAPITAL ASSETS ACTIVITY

The following is a summary of capital asset activity for the fiscal year ended September 30, 2018:

| | Balance at Oct. 1, 2017 | Additions | Deletions | Balance at Sept. 30, 2018 |
|---------------------------------|----------------------------|-------------------|--------------------|------------------------------|
| Capital Assets: | | | | |
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 2,500,000 | \$ - | \$ - | \$ 2,500,000 |
| Intangibles-Work in Progress | 63,247 | 284,430 | (57,677) | 290,000 |
| Capital Assets Depreciated: | | | | |
| Building | 6,047,681 | - | - | 6,047,681 |
| Building Infrastructure | 269,422 | - | - | 269,422 |
| Computer Hardware/Software | 577,508 | 267,135 | (43,859) | 800,784 |
| Intangible Assets | - | 64,943 | - | 64,943 |
| Furniture and Equipment | 452,350 | - | - | 452,350 |
| Total Capital Assets | <u>9,910,208</u> | <u>616,508</u> | <u>(101,536)</u> | <u>10,425,180</u> |
| Less Accumulated Depreciation: | | | | |
| Building | 1,655,111 | 200,130 | - | 1,855,241 |
| Building Infrastructure | 98,743 | 11,562 | - | 110,305 |
| Computer Hardware/Software | 525,701 | 77,568 | (43,859) | 559,410 |
| Intangible Assets | - | 17,322 | - | 17,322 |
| Furniture and Equipment | 345,940 | 26,908 | - | 372,848 |
| Total Accumulated Depreciation | <u>2,625,495</u> | <u>333,490</u> | <u>(43,859)</u> | <u>2,915,126</u> |
| Capital Assets | <u>\$ 7,284,713</u> | <u>\$ 283,018</u> | <u>\$ (57,677)</u> | <u>\$ 7,510,054</u> |

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

| | |
|----------------------------|-------------------|
| Program Administration | \$ 33,645 |
| General Administration | <u>299,845</u> |
| Total Depreciation Expense | <u>\$ 333,490</u> |

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2018

7. RETIREMENT PLANS

Florida Retirement System

General Information - All 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"). Generally, 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.

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

7. RETIREMENT PLANS-Florida Retirement System (continued)

Benefits Provided - Benefits under the Pension Plan are computed based on 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. In addition, 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.

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.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

7. RETIREMENT PLANS-Florida Retirement System (continued)

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 2016-17 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.

For the fiscal year ended September 30, 2018, the information related to the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Council.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements September 30, 2018

7. RETIREMENT PLANS-Florida Retirement System (continued)

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.

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 contribute 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, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular—7.92% and 8.26%; Senior Management Service—22.71% and 24.06%; and DROP participants—13.26% and 14.03%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively.

The Council's contributions, including employee contributions to the Pension Plan, totaled \$722,549 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the Council reported a liability of \$4,267,980 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Council's proportionate share of the net pension liability was based on the Council's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the Council's proportionate share was .014169677 percent, which was an increase of .001102427 percent from its proportionate share measured as of June 30, 2017.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

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

For the fiscal year ended September 30, 2018, the Council recognized pension expense of \$476,523. In addition, the Council reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

| Description | Defered Outflows of Resources | Defered Inflows of Resources |
|---|----------------------------------|---------------------------------|
| Differences between expected and actual experience | \$ 361,562 | 13,123 |
| Change of assumptions | 1,394,568 | - |
| Net difference between projected and actual earnings on Pension Plan investments | - | 329,754 |
| Changes in proportion and differences between Council Pension Plan contributions and proportionate share of contributions | 489,079 | 3,658 |
| Council Pension Plan contributions subsequent to measurement date | 111,390 | - |
| Total | <u>\$ 2,356,599</u> | <u>346,535</u> |

The deferred outflows of resources related to the Pension Plan, totaling \$111,390 resulting 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, 2019. 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: | Amount |
|-------------------------------------|---------------------|
| 2019 | \$ 710,403 |
| 2020 | 486,511 |
| 2021 | 129,698 |
| 2022 | 321,154 |
| 2023 | 213,911 |
| Thereafter | 36,997 |
| Total | <u>\$ 1,898,674</u> |

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

7. RETIREMENT PLANS-Florida Retirement System (continued)

Actuarial Assumptions – The total pension liability in the June 30, 2018 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 | 7.00%, 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, 2018, 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

The long-term expected rate of return assumption of 7.00 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.40 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2018 by the FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting standards.

In the opinion of the FRS consulting actuary, Milliman, both components and the overall 7.00 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. 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, 2018**

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% | 2.9% | 2.9% | 1.8% |
| Fixed Income | 18.0% | 4.4% | 4.3% | 4.0% |
| Global Equity | 54.0% | 7.6% | 6.3% | 17.0% |
| Real Estate (property) | 11.0% | 6.6% | 6.0% | 11.3% |
| Private Equity | 10.0% | 10.7% | 7.8% | 26.5% |
| Strategic Investments | 6.0% | 6.0% | 5.7% | 8.6% |
| Assumed Inflation – Mean | | | 2.6% | 1.9% |

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

| | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|--|--------------------------------|--|--------------------------------|
| Council's proportionate share of the net pension liability | \$ 7,789,243 | \$ 4,267,980 | \$ 1,343,363 |

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

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

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.

Payables to the Pension Plan - At September 30, 2018, the Council reported a payable in the amount of \$63,512 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2018.

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, 2018, 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, 2018, the HIS contribution for the period October 1, 2017 through September 30, 2018 was 1.66%. 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 \$7,049 for the fiscal year ended September 30, 2018.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

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, 2018, the Council reported a liability of \$1,705,139 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Council's proportionate share of the net pension liability was based on the Council's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the Council's proportionate share was .016110368 percent, which was an increase of .000702930 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the Council recognized HIS pension expense of \$94,635. In addition, the Council reported deferred outflows of resources and deferred in flows of resources related to the HIS plan from the following sources:

| Description | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 26,105 | \$ 2,897 |
| Change of assumptions | 189,633 | 180,282 |
| Net difference between projected and actual earnings on HIS Plan investments | 1,029 | - |
| Changes in proportion and differences between Council HIS Plan contributions and proportionate share of contributions | 255,483 | - |
| Council HIS Plan contributions subsequent to the measurement date | <u>22,639</u> | <u>-</u> |
| Total | <u>\$ 494,889</u> | <u>\$ 183,179</u> |

The deferred outflows of resources related to the HIS Plan, totaling \$22,639 resulting from Council contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. 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:

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

8. RETIREMENT PLANS-Florida Retirement System, (Continued)

| Fiscal Year Ending September 30: | Amount |
|-------------------------------------|-------------------|
| 2019 | \$ 80,005 |
| 2020 | 79,918 |
| 2021 | 70,186 |
| 2022 | 45,799 |
| 2023 | 7,999 |
| Thereafter | 5,164 |
| Total | <u>\$ 289,071</u> |

Actuarial Assumptions – The total pension liability in the July 1, 2017, 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 | 3.87% |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables. The discount rate used was updated from 3.58 percent to 3.87 percent as of June 30, 2018, reflecting the change during the fiscal year in the Bond Buyer General Obligation 20- Bond Municipal Bond Index.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.87%. 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 adopted by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

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

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 3.87%, 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 (2.87%) or one percentage point higher (4.87%) than the current rate:

| | 1% Decrease (2.87%) | Current Discount Rate (3.87%) | 1% Increase (4.87%) |
|--|------------------------|-------------------------------------|------------------------|
| Council's proportionate share of the net pension liability | \$ 1,942,054 | \$ 1,705,139 | \$ 1,507,657 |

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, 2018, the Council reported a payable in the amount of \$612 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

Deferred Compensation Plan

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description- The Council's defined benefit OPEB plan, provides OPEB for all permanent full-time employees, and is a single employer benefit plan administered by the Council. Chapter 627 of the Florida Statutes requires that the Council make health coverage available to retirees at the employer's group rate. The Council provides no funding for any portion of the premiums after retirement. However, the Council recognizes that there is an "implicit subsidy" arising because 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. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided- Employees who retire from the Council and their dependents are eligible to continue to participate 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 the Council determines on an annual basis. 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. The Council provides no funding for any portion of the premiums after retirement.

Employees covered by the benefit terms- As of September 30, 2018, there are no retirees participating in the group health program, and seventy-one (71) active employees with health insurance coverage. There are five (5) active employees without coverage who are assumed not to elect retiree health coverage and do not generate GASB Statement No.75 liabilities.

Total OPEB Liability

The Council's total OPEB liability of \$107,644 was measured as of September 30, 2018, and was determined by an interim actuarial valuation as of that date.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (Continued)

Actuarial assumptions and other inputs: The total OPEB liability in the September 30, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------------|---|
| Discount Rate: | 3.83% |
| Inflation Rate: | 2.60% |
| Healthcare Trend Rate | 8.50% |
| Retiree's Cost Sharing | Borne by the retiree |
| Healthcare Coverage Election Rate | 25% active employees 100% inactive employees |

The payroll growth assumption is based on the Florida Retirement Systems actuarial valuation as of July 1, 2015.

Mortality rates were based on the RPH-2017 Total Dataset Headcount-weighted Mortality Table using Scale MP-2017.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance as at 9/30/2017 | <u>\$ 98,400</u> |
| Changes for the fiscal year: | |
| Service Cost | 14,183 |
| Interest | 3,887 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (3,751) |
| Changes in assumptions for other inputs | (1,980) |
| Benefit payments | <u>(3,095)</u> |
| Net changes | <u>\$ 9,244</u> |
| Balance at 9/30/2018 | <u>\$ 107,644</u> |

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Notes to the Financial Statements

September 30, 2018

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (Continued)

Sensitivity of the Total OPEB Liability to changes in the Discount Rate

The following presents the total OPEB liability of the Council, as well as what the Council's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.83%), or one percentage higher (4.83%) than the current discount rate:

| | 1% Decrease (2.83%) | Discount Rate (3.83%) | 1% Increase (4.83%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | \$ 113,566 | \$ 107,644 | \$ 101,591 |

Sensitivity of the Total OPEB Liability to changes in the Healthcare Trend Rate-

The following presents the total OPEB liability of the Council, as well as what the Council's total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower (7.50%), or one percentage higher (9.50%) than the current healthcare trend rate:

| | 1% Decrease (7.50%) | Healthcare Trend Rate (8.50%) | 1% Increase (9.50%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$ 93,018 | \$ 107,644 | \$ 124,962 |

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB-For the fiscal year ended September 30, 2018; the Council recognized OPEB expense of \$442. The Council reported deferred inflows of resources related to OPEB from the following sources:

| Description | Deferred Inflows of Resources |
|--|----------------------------------|
| Differences between expected and actual experience | \$ 25,768 |
| Changes of assumptions or other inputs | 61,423 |
| Total | <u>\$ 87,191</u> |

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

8. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending September 30: | Amount |
|-------------------------------------|------------------|
| 2019 | \$ 14,533 |
| 2020 | 14,533 |
| 2021 | 14,533 |
| 2022 | 14,533 |
| 2023 | 14,533 |
| Thereafter | 14,526 |
| Total | <u>\$ 87,191</u> |

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, 2018**

10. COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Council is committed under various operating leases for office equipment through fiscal year 2018. Lease expenditures for office equipment for the fiscal year ended September 30, 2018 amounted to \$18,146. Future minimum base lease payments for these leases are as follows:

| Fiscal Year Ending September 30, | Minimum Equipment Lease Payment |
|-------------------------------------|---------------------------------------|
| 2019 | \$ 18,145 |
| 2020 | 18,145 |
| 2021 | 14,157 |
| 2022 | 2,189 |
| | <u>\$ 52,637</u> |

Encumbrances:

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2018 that will be re-appropriated in the subsequent year are as follows:

| | |
|--|---------------------|
| General Fund: | |
| Program Services | \$ 2,781,686 |
| Program Support & General Administration | 386,523 |
| Facilities Reserves | 178,276 |
| Capital Outlay | 269,168 |
| Total Encumbrances | <u>\$ 3,615,653</u> |

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Notes to the Financial Statements
September 30, 2018**

11. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for fiscal year ended September 30, 2018:

| | Beginning Balance Oct 1, 2017 | Increases | Decreases | Ending Balance Sept 30, 2018 | Amount Due Within One Year |
|------------------------------------|-------------------------------------|---------------------|---------------------|------------------------------------|----------------------------------|
| Compensated Absences: | | | | | |
| Vacation Accrual | \$ 633,195 | \$ 420,130 | \$ (342,396) | 765,315 | \$ 76,531 |
| Sick Leave Accrual | 154,306 | 192,443 | (188,378) | 170,486 | 17,049 |
| Net Pension Liability: | | | | | |
| Florida Retirement System* | 3,866,532 | 401,448 | - | 4,267,980 | - |
| Health Insurance Subsidy | 1,647,434 | 57,705 | - | 1,705,139 | - |
| Net OPEB Liability | 98,400 | 9,244 | - | 107,644 | - |
| Total Long Term Liabilities | \$ 6,399,867 | \$ 1,080,970 | \$ (530,774) | \$ 7,016,564 | \$ 93,580 |

* Restated for GASB 75

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

12. FUND BALANCE

In accordance with GASB No. 54, 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 \$225,777 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, 2018

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 \$6,815,653 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 \$2,781,686 for various programmatic goals in the subsequent year, while the remaining \$833,967 of encumbrances is for program support, 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 \$8,383,946. The remaining Unassigned Fund Balance is \$3,005,045.

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, 2018, the Council reported \$1,365,968 in grant funding, including State matching funds amounting to \$253,591 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, 2018**

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> |
|---|-------------|-------------------------|-------------------------|
| US Department of Education and the Florida Department of Education: Performance Partnership Pilot ("P3") and 21st Century Community Learning Centers | 2018 | ---- | \$ 1,168,254 |
| Total Match | | | <u>\$ 1,168,254</u> |

14. CONTINGENCY

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





REQUIRED SUPPLEMENTARY
INFORMATION

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
Fiscal Year Ended September 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|----------------------------|---------------------|-------------------|---------------------------------------|
| Revenues: | | | | |
| Ad Valorem Taxes | \$ 82,560,240 | \$ 82,560,240 | \$ 82,432,099 | \$ (128,141) |
| Grant Funding | 156,000 | 156,000 | 253,591 | 97,591 |
| Investment Earnings | 100,000 | 100,000 | 857,633 | 757,633 |
| Miscellaneous Local | 1,023,227 | 1,279,824 | 1,288,106 | 8,282 |
| Total Revenues | 83,839,467 | 84,096,064 | 84,831,429 | 735,365 |
| Expenditures: | | | | |
| Program Services and Support: | | | | |
| Program Services | 76,084,489 | 76,341,086 | 71,235,250 | 5,105,836 |
| Monitoring/Outcome Materials | 86,000 | 86,000 | 73,781 | 12,219 |
| Employee Salaries and Benefits | 5,604,538 | 5,604,538 | 5,139,300 | 465,238 |
| Other Consultants | 28,000 | 28,000 | - | 28,000 |
| Material and Supplies | 7,770 | 7,770 | 1,597 | 6,173 |
| Printing and Advertising | 8,000 | 6,931 | 3,467 | 3,464 |
| Software Maintenance | 52,172 | 60,032 | 23,080 | 36,952 |
| Travel and Other Expenditures | 134,353 | 127,562 | 89,779 | 37,783 |
| Total Program Services and Support | 82,005,322 | 82,261,919 | 76,566,254 | 5,695,665 |
| General Administration: | | | | |
| Employee Salaries and Benefits | 2,433,970 | 2,433,970 | 2,232,966 | 201,004 |
| Legal Fees | 35,000 | 38,964 | 38,961 | 3 |
| Auditors and Other Consultants | 54,500 | 90,536 | 56,861 | 33,675 |
| Materials and Supplies | 50,029 | 51,020 | 26,029 | 24,991 |
| Printing and Advertising | 12,500 | 18,971 | 8,953 | 10,018 |
| Other General Administration | 650,429 | 657,429 | 341,719 | 315,710 |
| Telecommunications | 67,000 | 63,000 | 38,629 | 24,371 |
| Travel and Other Expenditures | 153,706 | 143,244 | 99,116 | 44,128 |
| Tax Collection Fees | 517,300 | 517,600 | 517,542 | 58 |
| Community Redevelopment Area Fees | 2,709,427 | 2,709,127 | 2,498,633 | 210,494 |
| Total General Administration | 6,683,861 | 6,723,861 | 5,859,409 | 864,452 |

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, 2018, (Continued)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|-----------------------|----------------------|---------------------------------------|
| Capital Outlay: | | | | |
| Computer Hardware/Software | 470,988 | 368,074 | 150,908 | 217,166 |
| Furniture/ Equipment | 5,000 | 37,189 | 15,911 | 21,278 |
| Remodeling/Renovations | - | 30,725 | - | 30,725 |
| Total Capital Outlay | <u>475,988</u> | <u>435,988</u> | <u>166,819</u> | <u>269,169</u> |
| Total Expenditures | <u>89,165,171</u> | <u>89,421,768</u> | <u>82,592,482</u> | <u>6,829,286</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (5,325,704)</u> | <u>\$ (5,325,704)</u> | <u>2,238,947</u> | <u>\$ 7,564,651</u> |
| Beginning Fund Balance | | | <u>16,191,474</u> | |
| Ending Fund Balance | | | <u>\$ 18,430,421</u> | |

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NOTE: GAAP serves as the budgetary basis.



CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual
Fiscal Year Ended September 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|---------------------|------------------|---------------------------------------|
| Revenue: | | | | |
| Local Sources: | | | | |
| Grant Funding | \$ 1,207,870 | \$ 1,192,541 | \$ 1,112,377 | (80,164) |
| Expenditures: | | | | |
| Program Services: | | | | |
| Program Services | 886,038 | 859,842 | 798,420 | 61,422 |
| Program Administration: | | | | |
| Employee Salaries and Benefits | 119,629 | 114,034 | 104,312 | 9,722 |
| Other Consultants | 197,570 | 212,216 | 205,461 | 6,755 |
| Software Maintenance | - | - | - | - |
| Travel and Other Expenditures | 4,633 | 6,449 | 4,184 | 2,265 |
| Total Program Administration | 321,832 | 332,699 | 313,957 | 18,742 |
| Total Expenditures | 1,207,870 | 1,192,541 | 1,112,377 | 80,164 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | - | \$ - |
| Beginning Fund Balance | | | - | |
| Ending Fund Balance | | | \$ - | |

NOTE: GAAP serves as the budgetary basis.

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

| | 2018 | 2017** | 2016 | 2015 | 2014 |
|---|---------------|---------------|---------------|--------------|--------------|
| Children's Services Council of Broward County's proportion of the net pension liability | 0.0141696770% | 0.0130672500% | 0.0113309120% | .011379789% | 0.010583942% |
| Children's Services Council of Broward County's proportionate share of the net pension liability | \$ 4,267,980 | \$ 3,866,532 | \$ 2,861,064 | \$ 1,469,852 | \$ 645,776 |
| Children's Services Council of Broward County's covered payroll | \$ 5,261,889 | \$ 4,911,095 | \$ 4,331,964 | \$ 4,008,874 | \$ 3,599,507 |
| Children's Services Council of Broward County's proportionate share of the net pension liability as a percentage of its covered payroll | 81.11% | 78.73% | 66.05% | 36.66% | 17.94% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

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

** The Council's NPL at 2017 has been increased by \$1,327, due to implementation of GASB 75

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

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 565,166 | \$ 509,611 | \$ 432,047 | \$ 383,964 | \$ 331,683 |
| Contributions in relation to the contractually required contribution | (565,166) | (509,611) | (432,047) | (383,964) | (331,683) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Children's Services Council of Broward County's covered payroll | \$ 5,347,394 | \$ 5,047,763 | \$ 4,482,724 | \$ 4,060,069 | \$ 3,634,125 |
| Contribution as a percentage of covered payroll | 10.57% | 10.10% | 9.64% | 9.46% | 9.13% |

* The amounts presented for each fiscal year were determined as of 9/30.

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

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------|---------------|---------------|---------------|--------------|
| Children's Services Council of Broward County's proportion of the net pension liability | 0.0161103680% | 0.0154074380% | 0.0140325690% | 0.0132139230% | 0.012114771% |
| Children's Services Council of Broward County's proportionate share of the net pension liability | \$ 1,705,139 | \$ 1,647,434 | \$ 1,635,438 | \$ 1,347,612 | \$ 1,132,761 |
| Children's Services Council of Broward County's covered payroll | \$ 5,261,889 | \$ 4,911,095 | \$ 4,331,964 | \$ 4,008,874 | \$ 3,599,507 |
| Children's Services Council of Broward County's proportionate share of the net pension liability as a percentage of its covered payroll | 32.41% | 33.55% | 37.75% | 33.62% | 31.47% |
| Plan fiduciary net position as a percentage of the total pension liability | 1.64% | 1.64% | 0.97% | 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, information is presented for only those years for which information is available.

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 7,049 | \$ 5,708 | \$ 4,756 | \$ 3,494 | \$ 3,666 |
| Contributions in relation to the contractually required contribution | (7,049) | (5,708) | (4,756) | (3,494) | (3,666) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Children's Services Council of Broward County's covered payroll | \$ 5,347,394 | \$ 5,047,763 | \$ 4,482,724 | \$ 4,060,069 | \$ 3,634,125 |
| Contribution as a percentage of covered payroll | 0.13% | 0.11% | 0.11% | 0.09% | 0.10% |

* The amounts presented for each fiscal year were determined as of 9/30.

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

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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
Schedule of Changes in Net OPEB Liability and Related Ratios
Fiscal Year Ended September 30, 2018

| | 2018 | 2017 |
|--|--------------|--------------|
| Total OPEB Liability: | | |
| Service cost | \$ 14,183 | \$ 28,867 |
| Interest | 3,887 | 5,505 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | (3,751) | (30,071) |
| Changes in assumptions | (1,980) | (79,636) |
| Benefit payments | (3,095) | (7,611) |
| Net Change in total OPEB liability | 9,244 | (82,946) |
| Total OPEB liability- beginning | 98,400 | 181,346 |
| Total OPEB liability- ending | \$ 107,644 | \$ 98,400 |
| Covered employee payroll | \$ 5,117,551 | \$ 4,987,866 |
| | | |
| Total OPEB liability as a percentage of covered-employee payroll | 2.10% | 1.97% |

Notes to Schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|------|-------|
| 2018 | 3.83% |
| 2017 | 3.50% |

Note 1: GASB 75 requires information for ten years. However, until a full ten year trend is compiled, information is presented for only those years for which information is available.



STATISTICAL SECTION

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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

**Comprehensive Annual Financial Report
For The Fiscal Year Ended September 30, 2018**

STATISTICAL SECTION

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

Governmental Activities

| <u>Fiscal Year</u> | <u>Investment in Capital Assets</u> | <u>Unrestricted</u> | <u>Total primary government net position</u> |
|--------------------|---|---------------------|--|
| 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 |
| 2016 | 7,420,106 | 10,527,935 | 17,948,041 |
| 2017 | 7,284,713 | 12,130,721 | 19,415,434 |
| 2018 | 7,510,054 | 13,648,440 | 21,158,494 |

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CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-----------------------|-----------------------|----------------------|-----------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| Program Services: | | | | |
| Program Services | \$ 57,163,373 | \$ 56,101,645 | \$ 52,760,094 | \$ 53,530,318 |
| Program Administration | 3,187,482 | 2,849,711 | 2,970,323 | 3,045,224 |
| Total Program Services | <u>60,350,855</u> | <u>58,951,356</u> | <u>55,730,417</u> | <u>56,575,542</u> |
| General Administration: | | | | |
| Personal Services | 1,477,411 | 1,391,696 | 1,489,677 | 1,428,134 |
| Materials and Services | 843,657 | 1,276,812 | 971,462 | 897,537 |
| Community Redevelopment and Tax Collector Fees | 1,818,312 | 1,809,845 | 1,762,748 | 1,679,586 |
| Total General Administration | <u>4,139,380</u> | <u>4,478,353</u> | <u>4,223,887</u> | <u>4,005,257</u> |
| Total primary government expenses | <u>64,490,235</u> | <u>\$ 63,429,709</u> | <u>\$ 59,954,304</u> | <u>\$ 60,580,799</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Grant Funding, Restricted | 501,488 | \$ 651,736 | \$ 271,384 | \$ 883,762 |
| Total primary government program revenue | <u>501,488</u> | <u>\$ 651,736</u> | <u>\$ 271,384</u> | <u>\$ 883,762</u> |
| Net (Expense)/Revenue | | | | |
| Total primary government net expense | <u>\$ 63,988,747</u> | <u>\$ 62,777,973</u> | <u>\$ 59,682,920</u> | <u>\$ 59,697,037</u> |
| General Revenues & Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Property Taxes | \$ 59,990,448 | \$ 60,094,059 | \$ 57,795,765 | \$ 57,483,644 |
| Investment Earnings | 153,990 | 280,193 | 111,354 | 152,865 |
| Grant Funding, Unrestricted | 113,760 | 308,530 | 2,572,867 | 343,463 |
| Miscellaneous | 446,771 | 596,866 | 487,777 | 643,247 |
| Total primary government | <u>\$ 60,704,969</u> | <u>\$ 61,279,648</u> | <u>\$ 60,967,763</u> | <u>\$ 58,623,219</u> |
| Changes in Net Position | | | | |
| Total primary government | <u>\$ (3,283,778)</u> | <u>\$ (1,498,325)</u> | <u>\$ 1,284,843</u> | <u>\$ (1,073,818)</u> |

| Year | | | | | | |
|------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | \$ 53,775,633 | \$ 56,159,891 | \$ 58,931,114 | \$ 61,201,151 | \$ 65,126,956 | \$ 71,309,031 |
| | 3,298,033 | 3,610,414 | 4,263,718 | 6,178,792 | 6,460,890 | 6,378,356 |
| | <u>57,073,666</u> | <u>59,770,305</u> | <u>63,194,832</u> | <u>67,379,943</u> | <u>71,587,846</u> | <u>77,687,387</u> |
| | 1,425,869 | 1,588,115 | 1,704,943 | 2,004,709 | 2,341,237 | 2,547,538 |
| | 974,491 | 1,042,529 | 945,109 | 937,488 | 928,985 | 948,319 |
| | 1,716,448 | 1,856,081 | 2,043,045 | 2,393,301 | 2,782,040 | 3,016,175 |
| | 4,116,808 | 4,486,725 | 4,693,097 | 5,335,498 | 6,052,262 | 6,512,032 |
| | <u>\$ 61,190,474</u> | <u>\$ 64,257,030</u> | <u>\$ 67,887,929</u> | <u>\$ 72,715,441</u> | <u>\$ 77,640,108</u> | <u>\$ 84,199,419</u> |
| | \$ 824,043 | \$ 710,891 | \$ 1,084,831 | \$ 1,362,375 | \$ 1,209,290 | \$ 1,112,377 |
| | <u>\$ 824,043</u> | <u>\$ 710,891</u> | <u>\$ 1,084,831</u> | <u>\$ 1,362,375</u> | <u>\$ 1,209,290</u> | <u>\$ 1,112,377</u> |
| | <u>\$ 60,366,431</u> | <u>\$ 63,546,139</u> | <u>\$ 66,803,098</u> | <u>\$ 71,353,066</u> | <u>\$ 76,430,818</u> | <u>\$ 83,087,042</u> |
| | \$ 59,584,505 | \$ 61,362,297 | \$ 65,140,776 | \$ 70,246,887 | \$ 75,990,468 | \$ 82,432,099 |
| | 90,651 | 16,012 | 90,344 | 155,748 | 419,042 | 857,633 |
| | 340,968 | 391,872 | 181,858 | 261,131 | 189,655 | 253,591 |
| | 794,695 | 970,135 | 859,668 | 852,171 | 1,199,909 | 1,288,106 |
| | <u>\$ 60,810,819</u> | <u>\$ 62,740,316</u> | <u>\$ 66,272,646</u> | <u>\$ 71,515,937</u> | <u>\$ 77,799,074</u> | <u>\$ 84,831,429</u> |
| | <u>\$ 444,388</u> | <u>\$ (805,823)</u> | <u>\$ (530,452)</u> | <u>\$ 162,871</u> | <u>\$ 1,368,256</u> | <u>\$ 1,744,387</u> |

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

(modified accrual basis of accounting)

| General Fund | | | | | | |
|---------------------|----------|------------|---------------------------|-----------------------|-------------------------|--------------------|
| Fiscal Year | Reserved | Unreserved | Nonspendable Fund Balance | Assigned Fund Balance | Unassigned Fund Balance | Total General Fund |
| 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 |
| 2016 | | | 86,691 | 5,507,406 | 8,506,123 | 14,100,220 |
| 2017 | | | 187,407 | 5,470,758 | 10,533,309 | 16,191,474 |
| 2018 | | | 225,777 | 6,815,653 | 11,388,991 | 18,430,421 |

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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Revenues | | | | |
| Ad Valorem Taxes | \$ 59,990,448 | \$ 60,094,059 | \$ 57,795,765 | \$ 57,483,644 |
| Investment Earnings | 153,990 | 280,193 | 111,354 | 152,865 |
| Miscellaneous Local | 446,771 | 609,860 | 487,777 | 643,246 |
| Grant Funding | 615,248 | 947,272 | 2,844,251 | 1,227,225 |
| Total revenues | <u>61,206,457</u> | <u>61,931,384</u> | <u>61,239,147</u> | <u>59,506,980</u> |
| Expenditures | | | | |
| Program Services and Support | 60,243,914 | 58,993,365 | 55,717,450 | 56,557,169 |
| General Administration | 3,968,377 | 3,889,604 | 3,773,091 | 3,628,128 |
| Capital Outlay | 8,702,529 | 768,421 | 136,019 | 57,303 |
| Total expenditures | <u>72,914,820</u> | <u>63,651,390</u> | <u>59,626,560</u> | <u>60,242,600</u> |
| Net change in fund balance | <u>\$ (11,708,363)</u> | <u>\$ (1,720,006)</u> | <u>\$ 1,612,587</u> | <u>\$ (735,620)</u> |

| Year | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|--|
| <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | |
| \$ 59,584,505 | \$ 61,362,297 | \$ 65,140,776 | \$ 70,246,887 | \$ 75,990,468 | \$ 82,432,099 | |
| 1,165,011 | 1,102,763 | 1,266,689 | 1,623,506 | 1,398,945 | 1,365,968 | |
| 90,651 | 16,012 | 90,344 | 155,748 | 419,042 | 857,633 | |
| 794,695 | 970,135 | 859,668 | 852,171 | 1,199,909 | 1,288,106 | |
| 61,634,862 | 63,451,207 | 67,357,477 | 72,878,312 | 79,008,364 | 85,943,806 | |
| 57,002,621 | 59,683,292 | 63,077,687 | 67,032,175 | 71,271,782 | 77,678,631 | |
| 3,764,685 | 4,087,449 | 4,289,213 | 4,759,810 | 5,426,467 | 5,859,409 | |
| 111,417 | 215,279 | 178,684 | 123,753 | 218,861 | 166,819 | |
| 60,878,723 | 63,986,020 | 67,545,584 | 71,915,738 | 76,917,110 | 83,704,859 | |
| \$ 756,139 | \$ (534,813) | \$ (188,107) | \$ 962,574 | \$ 2,091,254 | \$ 2,238,947 | |

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) |
|---------------------------------------|-------------------------|------------------------|------------------------|------------|
| 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 |
| 2016 | 156,152,081 | 28,616,976 | 9,397,569 | 21,820,864 |
| 2017 | 183,297,977 | 34,796,819 | 11,300,024 | 22,649,372 |
| 2018 | 196,493,535 | 36,132,281 | 12,280,938 | 23,053,273 |

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) |
|------------------------------|---------------------------------|----------------------------------|
| 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 |
| 38,455,766 | 177,531,724 | 0.4882 |
| 40,062,909 | 211,981,283 | 0.4882 |
| 41,013,989 | 226,946,038 | 0.4882 |

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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 |
| 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 |
| 2016 | 0.4882 | - | 0.4882 | 5.7230 | 7.2740 | 0.3551 |
| 2017 | 0.4882 | - | 0.4882 | 5.6690 | 6.5394 | 0.3100 |
| 2018 | 0.4882 | - | 0.4882 | 5.6690 | 6.4029 | 0.2936 |

Source: Broward County Revenue Collection Division

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

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



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

| 2009 | | | |
|---------------------------------------|---------------------|-------------|--|
| Taxpayer | Taxes Levied | Rank | Percent to Aggregate Taxes Levied |
| Florida Power & Light Company | \$ 32,228 | 1 | 0.88% |
| Diplomat Properties Ltd. | 12,169 | 2 | 0.33% |
| Pembroke Lakes Mall Ltd. | 8,159 | 3 | 0.22% |
| Palm Vacation Group | 6,848 | 4 | 0.19% |
| Sunrise Mills Ltd | 6,559 | 5 | 0.18% |
| Publix Supermarkets, Inc. | 5,526 | 6 | 0.15% |
| WCI Communities Inc | 3,643 | 7 | 0.10% |
| Federal National Mortgage Association | 3,312 | 8 | 0.09% |
| Marriott Ownership Resorts Inc. | 2,644 | 9 | 0.07% |
| Wal-Mart Stores East | 2,511 | 10 | 0.07% |
| Arium Resort LLC | - | | 0.00% |
| Bellsouth Telecommunications Inc. | | | 0.00% |
| Harbor Beach Property LLC | | | 0.00% |
| RAR2-Las Olas Centre LLC | - | | 0.00% |
| Orange Bowl Eastern III LLC | | | 0.00% |
| TAF GG Las Olas LP | | | 0.00% |
| Total principal taxpayers | <u>\$ 83,599</u> | | <u>2.29%</u> |

Source: Broward County Revenue Collector

2018

| Taxes Levied | Rank | Percent to Aggregate Taxes Levied |
|-------------------------|-------------|--|
| 70,786 | 1 | 1.76% |
| 8,114 | 3 | 0.20% |
| - | | 0.00% |
| - | | 0.00% |
| 14,013 | 2 | 0.35% |
| 3,398 | 9 | 0.08% |
| - | | 0.00% |
| - | | 0.00% |
| - | | 0.00% |
| 5,667 | 4 | 0.14% |
| 4,831 | 6 | 0.12% |
| 5,122 | 5 | 0.13% |
| 4,182 | 7 | 0.10% |
| 3,304 | 10 | 0.08% |
| - | | 0.00% |
| 3,723 | 8 | 0.09% |
| <u>\$ 123,140</u> | | <u>3.06%</u> |

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

| Fiscal Year Ended September 30, | Total Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|--|---|---|-------------------------------|--|
| | | Amount | Percentage of Levy | |
| 2009 | 63,145,444 | 59,597,697 | 94.4% | 662,889 |
| 2010 | 63,430,596 | 59,406,863 | 93.7% | 413,036 |
| 2011 | 61,318,170 | 57,368,232 | 93.6% | 154,581 |
| 2012 | 60,801,037 | 57,457,936 | 94.5% | (81,004) |
| 2013 | 62,564,907 | 59,460,641 | 95.0% | (193,995) |
| 2014 | 64,738,551 | 61,482,355 | 95.0% | (159,731) |
| 2015 | 69,070,390 | 65,274,088 | 94.5% | 66,968 |
| 2016 | 73,794,596 | 70,095,209 | 95.0% | 70,769 |
| 2017 | 79,787,967 | 75,867,788 | 95.1% | 40,278 |
| 2018 | 86,905,516 | 82,347,473 | 94.8% | - |

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

Total Collections to Date

| Amount | Percentage of Levy |
|---------------|---------------------------|
| 60,260,586 | 95.4% |
| 59,819,899 | 94.3% |
| 57,522,813 | 93.8% |
| 57,376,932 | 94.4% |
| 59,266,646 | 94.7% |
| 61,322,624 | 94.7% |
| 65,341,056 | 94.6% |
| 70,165,978 | 95.1% |
| 75,908,066 | 95.1% |
| 82,347,473 | 94.8% |

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

| Year | Population (1) | Personal Income (2) | Per Capita Personal Income (2) | Median Age (3) |
|-------------|-----------------------|----------------------------|---------------------------------------|-----------------------|
| 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 | 1,896,425 | 85,167,498 | 44,909 | 40.0 |
| 2016 | 1,909,632 | 89,572,271 | 46,906 | 40.0 |
| 2017 | 1,935,878 | 94,239,376 | 48,680 | 40.1 |
| 2018 | N/A | N/A | N/A | N/A |

Source:

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

N/A Not Available

* Includes Charter Schools

| * Public School Enrollment (4) | Unemployment Rate (5) |
|---|----------------------------------|
| 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% |
| 268,836 | 4.60% |
| 271,105 | 3.30% |
| 271,517 | 2.80% |

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

2009

| Employer (1) | Employees | Rank | Percentage of Total County Employment |
|-------------------------------|------------------|-------------|--|
| Broward School Board* | 27,426 | 1 | 3.0% |
| Broward County Government* | 11,096 | 2 | 1.2% |
| Memorial Healthcare System* | 10,500 | 3 | 1.2% |
| N. Broward Hospital District* | 8,043 | 4 | 0.9% |
| American Express | 4,846 | 5 | 0.5% |
| Nova Southeastern | 3,967 | 6 | 0.4% |
| PRC | 3,000 | 7 | 0.3% |
| Kaplan Higher Education | 2,800 | 8 | 0.3% |
| The Answer Group | 2,800 | 9 | 0.3% |
| City of Fort Lauderdale | 2,660 | 10 | 0.3% |
| Total | 77,138 | | 8.4% |

* Includes both full time and part time employees

Sources:

- (1) The Broward Alliance
- (2) Labor Market Statistics, Local Area Unemployment Statistics Program
- (3) U.S. Department of Labor Bureau of Labor Statistics

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

2018

| Employer (1) | Employees (1) | Rank | Percentage of Total County Employment (2) |
|---------------------------------|----------------------|-------------|--|
| Broward School Board* | 34,320 | 1 | 3.4% |
| Memorial Healthcare System* | 13,500 | 2 | 1.3% |
| Broward County Government* | 12,058 | 3 | 1.2% |
| North Broward Hospital District | 8,424 | 4 | 0.8% |
| Nova Southeastern | 6,685 | 5 | 0.7% |
| Broward College | 5,237 | 6 | 0.5% |
| Autonation | 4,100 | 7 | 0.4% |
| American Express | 3,500 | 8 | 0.3% |
| City of Fort Lauderdale | 2,749 | 9 | 0.3% |
| Spirit Airlines | 3,349 | 10 | 0.3% |
| Total | 93,922 | | 9.2% |

* Includes both full time and part time employees

Sources:

- (1) The Broward Alliance
- (2) Labor Market Statistics, Local Area Unemployment Statistics Program
- (3) U.S. Department of Labor Bureau of Labor Statistics

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

| Full-time Equivalent Employees as of September 30, | Program Support | General Administration | Grand Total |
|---|----------------------------|-----------------------------------|--------------------|
| 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 |
| 2016 | 49 | 17 | 66 |
| 2017 | 51 | 18 | 69 |
| 2018 | 56 | 20 | 76 |

Source: Children's Services Council, Finance Administration

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

Utilization

| Contract/Program Services | Amount Under Contract (a) | Actual Expenditures (b) | Under-utilized (c) | Unallocated (d) |
|---------------------------|---------------------------|-------------------------|--------------------|-----------------|
| <u>Fiscal Year</u> | | | | |
| 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% |
| 2016 | 100% | 94% | 6% | 0% |
| 2017 | 99% | 92% | 7% | 0% |
| 2018 | 100% | 93% | 7% | 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> |
|--------------------|-------------------|-------------------|
| 2009 | 127% | 119% |
| 2010 | 108% | 103% |
| 2011 | 105% | 97% |
| 2012 | 107% | 101% |
| 2013 | 105% | 99% |
| 2014 | 106% | 101% |
| 2015 | 106% | 100% |
| 2016 | 106% | 99% |
| 2017 | 107% | 97% |
| 2018 | 106% | 97% |

Budget (e) Actual (f)

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

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

Program Budget Indicators

Last Ten Fiscal Years

| | Fiscal | | | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| | Budget | Budget | Budget | Budget |
| Family Strengthening | \$ 11,402,429 | \$ 12,369,120 | \$ 11,279,033 | \$ 11,894,698 |
| Child Welfare/Adoption Promotion | 135,000 | 135,000 | 135,000 | 135,000 |
| Youth Development | 6,667,236 | 6,981,814 | 5,969,318 | 6,105,422 |
| Delinquency Prevention | 2,854,521 | 2,904,521 | 2,964,398 | 2,988,398 |
| Independent Living | 1,351,756 | 1,325,000 | 1,575,000 | 1,575,000 |
| Special Needs | 12,331,063 | 9,994,748 | 9,930,834 | 9,735,281 |
| Out of School Time | 13,981,899 | 12,821,033 | 11,937,672 | 12,060,942 |
| Early Child Education | 6,566,390 | 7,260,000 | 6,764,045 | 6,682,700 |
| Physical Health | 2,921,080 | 2,173,077 | 2,002,631 | 1,951,276 |
| System Goals | 2,037,043 | 1,928,863 | 1,963,019 | 2,161,593 |
| Unallocated | 54,848 | 75,331 | 202,241 | 60,629 |
| TOTAL | \$ 60,303,265 | \$ 57,968,507 | \$ 54,723,191 | \$ 55,350,939 |

Source: Children's Services Council, Finance Administration

| Year | | | | | | |
|-----------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| | Budget | Budget | Budget | Budget | Budget | Budget |
| \$ | 12,083,464 | \$ 12,342,529 | \$ 13,368,082 | \$ 14,634,489 | \$ 14,625,683 | \$ 14,691,173 |
| | 160,000 | 160,000 | 160,000 | 201,425 | 449,023 | 1,383,224 |
| | 6,892,313 | 7,061,103 | 8,105,573 | 8,565,486 | 9,913,146 | 11,019,508 |
| | 3,018,398 | 3,299,074 | 3,819,116 | 3,882,289 | 3,693,789 | 3,332,890 |
| | 1,620,200 | 1,705,743 | 1,793,734 | 1,938,078 | 3,453,678 | 3,587,678 |
| | 9,732,320 | 9,826,260 | 10,544,491 | 11,262,154 | 11,615,565 | 12,732,486 |
| | 11,057,680 | 11,595,555 | 12,305,000 | 12,510,258 | 12,739,048 | 14,333,308 |
| | 7,306,189 | 7,527,142 | 6,964,718 | 7,101,288 | 8,331,244 | 9,491,026 |
| | 1,952,276 | 1,973,941 | 2,169,334 | 2,413,343 | 2,579,085 | 2,802,488 |
| | 2,298,712 | 2,444,562 | 2,147,989 | 2,176,270 | 2,945,616 | 3,053,305 |
| | 8,154 | 63,074 | 78,262 | 183,623 | 177,863 | - |
| \$ | 56,129,706 | \$ 57,998,983 | \$ 61,456,299 | \$ 64,868,703 | \$ 70,523,740 | \$ 76,427,086 |

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**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 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, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated (DATE).

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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
(DATE)

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the 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 each of the Council's major federal programs for the fiscal year ended September 30, 2018. The Council's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 each major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2018.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

Purpose of this Report

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
(DATE)

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**Children's Services Council of Broward County
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2018**

| <u>Federal Agency, Pass-through Entity, Federal Program</u> | <u>CFDA Number</u> | <u>Contract/Grant Number</u> | <u>Expenditures</u> | <u>Transfers to Subrecipients</u> |
|--|------------------------|------------------------------|---------------------|---------------------------------------|
| Federal Agency Name: | | | | |
| Department of Education - | | | | |
| Direct Programs: | | | | |
| Be the B.O.S.S. (Best Opportunities To Shine and Succeed) | 84.420A | V420A150015-15A | \$ 438,370 | \$ 193,140 |
| Indirect Programs: | | | | |
| Pass-through: | | | | |
| Florida Department of Education | | | | |
| 21st Century Community Learning Centers | 84.287 | 12A-2448B-8PCC2 | 510,377 | 441,650 |
| Total Department of Education | | | 948,747 | 634,790 |
| Department of Labor - | | | | |
| Pass-through: | | | | |
| Careersource Broward - | 17.259 | AA-26773-15-55-A-12 | 163,630 | 163,630 |
| Total Department of Labor | | | 163,630 | 163,630 |
| Department of Health and Human Services - | | | | |
| Pass-through: | | | | |
| Florida Department of Children and Families - | | | | |
| Foster Care - Title IV-E | 93.658 | --- | 89,302 | - |
| Adoption Assitance - Title IV-E | 93.659 | --- | 37,493 | - |
| Total Department of Health and Human Services - | | | 126,795 | - |
| Total Expenditures of Federal Awards | | | \$ 1,239,172 | \$ 798,420 |

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, 2018

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, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 or 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 the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as a reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

The Council has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial Statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:
 Material weakness(es) identified? ___ yes X no

Significant deficiencies identified? None
 ___ yes X reported

Non-compliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:
 Material weakness(es) identified? ___ yes X no

Significant deficiencies identified? None
 ___ yes X reported

Type of auditors' report issued on compliance for major federal programs: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes X no

Identification of major federal programs:

| <u>CFDA No.</u> | <u>Federal Awards Program</u> |
|-----------------|---|
| 84.420A | Be the B.O.S.S. (Best Opportunities to Shine and Succeed) |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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, 2018**

SECTION II – CURRENT YEAR FINANCIAL STATEMENT FINDINGS

None.

SECTION III – CURRENT YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

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

To the Members of the Council of
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"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated (DATE).

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required By The Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated (DATE), 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 financial audit report. There were no findings or recommendations made in the preceding 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 and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 to identify the specific condition(s) met. In connection with our audit, we determined that the Council did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition and Management (Continued)

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Council. 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.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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 management of the Council, and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
(DATE)

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CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

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

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

We have examined the Children's Services Council of Broward County (the "Council") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018. Management of the Council is responsible for the Council's compliance with the specified requirements. Our responsibility is to express an opinion on the Council's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Council complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Council complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 requirements of Section 218.415 Florida Statutes during the period of October 1, 2017 to September 30, 2018.

This report is intended solely for the information and use of management of the Council, the Council members, 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.

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
(DATE)

TAB 30



For Finance Committee Meeting

February 13, 2019

| | |
|-----------------------|--|
| Issue: | Revise Provider Administrative Rate for FY 19/20 |
| Action: | Discuss Revising the Provider Administrative Rate for FY 19/20 |
| Budget Impact: | Estimate \$1.2 Million to Be Considered in the Programmatic Budget as presented at the Budget Retreat for FY 2019/20 |

Background: Since inception, the Council allows up to 10% Administrative Costs of the total *Program Costs* to administer the program, subject to sufficient justification and negotiation. While there has not been an increase to this actual percentage, the Council has been generous in what is considered administrative costs. When there are items that tend to lean towards the running of the program, then those costs are included in direct costs and get folded into the unit rate.

Generally, CSC considers administrative costs to be those costs associated with the management and general functions of an of an organization that are not directly related to a specific program. These costs could include general business expenses such as: a receptionist answering all incoming calls, the cost of doing payroll for the entire agency staff, management staff salaries, general office supplies, general liability insurance, the cost of the audit, etc. Other funding agencies in Broward have been using a 15% Admin Rate but tend to be much stricter on what is considered direct program costs.

Current Status: With rising costs, staff is suggesting allowing for a variable administrative rate from 8%-15% beginning FY 19/20 depending on size of organization and other factors that will be determined if approved. Analysis shows that most agencies are spending all or more than the allowable admin budget to run their programs. These administrative costs are negotiated using a line-item budget to ensure the costs and items are reasonable. For unit based contracts, administrative costs are folded into the unit rate. For cost reimbursement contracts, these costs are based on actual costs with supporting documentation. There are a few agencies that currently do not take advantage of the full 10% and put more funds into direct costs, which is allowable. No portion of the administrative cost may be used to satisfy the match requirement.

With all of the variable factors, it is estimated that the budget impact would be approximately \$1.2 million. If approved, staff would factor in these increases in the contract renewals that are presented in the Budget Book at the May Budget Retreat.

Recommended Action: Approve Revising the Provider Administrative Rate for FY 19/20