

# Children's Services Council of Broward County, Florida

## Comprehensive Annual Financial Report

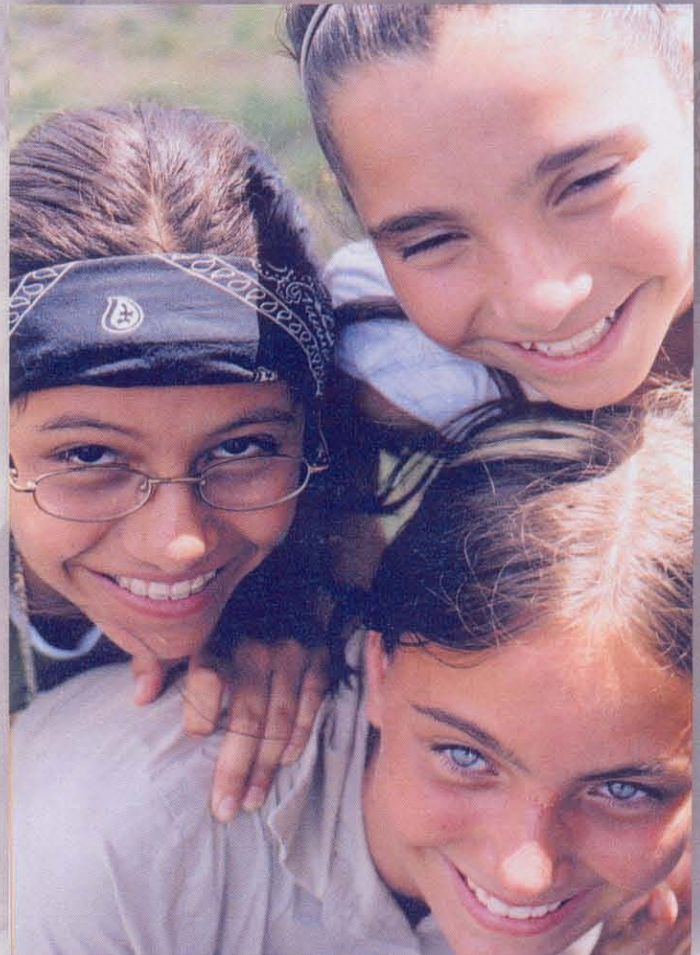
For Fiscal Year Ending  
September 30, 2003



**CHILDREN'S SERVICES  
COUNCIL** *of Broward County*

351 N. State Road 7, Suite 200  
Plantation, Florida 33317

[www.cscbroward.org](http://www.cscbroward.org)





# CHILDREN'S SERVICES COUNCIL *of Broward County*

## Council Members



Jack Moss  
Council Chair



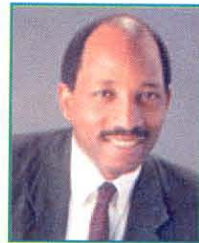
Carole Andrews  
Vice Chair  
School Board Member



Honorable Julie Koenig  
Secretary  
Governor Appointee



Honorable Lawrence L. Korda  
Immediate Past Chair  
Judicial Member



Gregory Durden, Esquire  
Governor Appointee



Commissioner Suzanne N. Gunzburger  
County Commission Member



Marti Huizenga  
Governor Appointee



Laurie J. Sallarulo  
Governor Appointee



Dr. Frank Till  
School Superintendent



Ana M. Valladares  
Governor Appointee

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**for the**

**Fiscal Year Ended September 30, 2003**



**Issued By:**

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

**Prepared By:**

**Financial Management  
Monti Larsen, Chief Financial Officer**

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Comprehensive Annual Financial Report**  
**For The Year Ended September 30, 2003**

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**CHILDREN'S  
SERVICES  
COUNCIL  
MEMBERS:**

*Jack L. Moss, Chair  
DCF District Administrator*

*Carole Andrews, Vice Chair  
School Board Member*

*Honorable Julie B. Koenig,  
Secretary  
Governor Appointee*

*Honorable Lawrence L. Korda,  
Immediate Past Chair  
Judicial Member*

*Gregory Durden  
Governor Appointee*

*Commissioner  
Suzanne N. Gunzburger  
BC Commissioner*

*Marti Huizenga  
Governor Appointee*

*Laurie J. Sallarulo  
Governor Appointee*

*Dr. Frank Till  
School Superintendent*

*Ana M. Valladares  
Governor Appointee*

**STAFF**

*Cindy J. Arenberg Seltzer  
President/CEO*

**LEGAL COUNSEL**

*John Milledge*

*Garry Johnson*

January 23, 2004

Members of the Children's Services Council  
of Broward County  
351 N. State Road 7, Suite 200  
Plantation, Florida 33317

Dear Council Members:

In the spirit of stewardship, we respectfully submit the Comprehensive Annual Financial Report of the Children's Services Council of Broward County ("Council") for the fiscal year ended September 30, 2003. Florida Statutes require that we prepare our financial statements 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, presented in four sections: Introductory, Financial, Statistical, and Internal Control and Compliance, is the primary method of reporting the Council's financial activities and satisfies those requirements.

The Introductory Section contains an overview of the Council's economic performance, a review of current initiatives, and summary financial data. The Financial Section contains Management's Discussion and Analysis, Government-wide Financial Statements, Fund Financial Statements for Governmental funds. The Financial Section also includes the Notes to the Financial Statements, and Required Supplementary Information. The Statistical Section contains selected financial and demographic information. The Internal Control and Compliance Section contain the reports and schedules related to the Single Audit.



### ***Management's Assertion***

Responsibility for the integrity, objectivity, accuracy, completeness and fairness of presentation of these financial statements rests with management. The financial statements were prepared in conformity with U.S. 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.

### ***Internal Controls***

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.

### ***Independent Auditor***

The Council's financial statements have been audited by Nowlen, Holt and Miner, P.A., a firm of licensed certified public accountants selected by the Council Members on December 20, 2001. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Children's Services Council for the fiscal year ended September 30, 2003 are free of material misstatement. The audit was conducted in accordance with generally accepted auditing standards 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 financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Council's financial statements for fiscal year ended September 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the Council's 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 a federal grant from the Department of Health and Human Services Substance Abuse and Mental Health Services Administration ("SAMHSA"). 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 section 4 of this report.

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

### ***CSC Profile***

The Children's Services Council of Broward County ("CSC" or (Council")) was approved by the voters of Broward County by special referendum September 5, 2000. Consequently, the Council was established as an Independent Special Taxing District January 1, 2001 by state statute (Ch 2000-461 Laws of Florida). The first Members of the Council were appointed March 2001 and operations officially began July 2001 with the hiring of the CEO/President and Chief Financial Officer.

The ten member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and five (5) members appointed by virtue of the office or position they hold within the community. The governor reappointed all of the gubernatorial appointees in November 2002 for a four year term. The Council Members are responsible for setting policies and prioritizing programs affecting children. 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 contiguous with Broward County, one of the fastest growing counties in Florida. The primary purpose of the Council is to provide leadership, advocacy, and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning of a continuum of quality care. To accomplish this task, the statute allows for the Council to levy taxes up to .5 mills of the assessed property tax value.

The Council is not a component unit of any other governmental unit nor does it meet the criteria to include any governmental organization as a component unit.

### ***Beginning Operations***

The birth of the CSC as a viable organization is a true demonstration of County-wide collaboration. Since no start-up funding was provided in the statute and there was no tax revenue as yet, the Broward County Board of County Commissioners very graciously provided the Council with a \$500,000 line of credit for start-up costs, staff support and legal counsel. This enabled the Council to move quickly toward analyzing the needs of the community, creating an operational structure developing goals and objectives and establishing a budget and related millage rate.

In October 2001, within four months of its organization, the Council issued its first competitive Request for Proposals (“RFP”) -- and continues to work at an accelerated pace to expand much needed services and programs throughout the community during this second year of operations. Accordingly, the Council issued 4 competitive procurement RFP instruments, as well as 17 exempt procurement contracts for a total contracted programs budget of \$25.5 million, an increase of \$17.8 million. This report represents the second full fiscal year of operations.

### ***Budget and Fiscal Policy***

The annual budget serves as the foundation for the Council’s financial planning and control. Council Members held a retreat in May, 2002 to review and refine the goals and objectives for the upcoming year. The County-wide Children’s Strategic Plan, coupled with public comment and staff recommendations are the basic building blocks used in developing and refining the Council’s upcoming goals and objectives.

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

### ***Cash Management***

The cash position is sustained by our prudent and conservative investment policy. Cash not currently needed for operations is placed with the Florida Local Government Surplus Funds Trust Fund Investment Pool until the cash is needed for spending.

## ***Risk Management***

The Council carries insurance policies within varying limits for workers' compensation, commercial insurance and directors and officer's liability. All premium expenditures are reported in the General Fund. The Council participates in a third party health care program for the employees.

Risk control procedures have been established to reasonably assure that the Council's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control procedures have been established to reduce possible losses to property owned or under the control of the Council. A Committee has been established to develop general office and fire safety procedures.

## ***Economic Conditions and Outlook***

South Florida is a wonderful place to live, work and raise a family. Economic conditions in Broward County over this past year have experienced highs and lows in the areas of employment, consumer confidence and inflation. During the first eight months of 2003, unemployment claims in Broward County were slightly down from the same period last year, but remain higher than the same period in 2001.

The County's tourism rate continues to reflect strong and vibrant presence of visitors to our community. Hotel occupancy has increased over the past two years even as additional hotel rooms have been added. Additionally, the local airport, while undergoing a major expansion construction project, has seen a substantial increase in the number of passengers. This increase also flows over to the Port of Everglades, where cruise travel has increased 13.5% this past year.

Reflecting similar trends throughout the country, Broward County's exuberant housing market for both new sales and refinancing is a direct result of the continuing low interest rates. Home sales in Broward County remain strong due to the influx of more young families and fewer retirees. Additionally, home sales have been spurred by the realization that there is limited vacant land for development as Broward County is quickly reaching build-out. For example, for the first seven months of 2003, building permits were the lowest in a twelve year period.

In conclusion, forecasts for the near-term economic outlook appear upbeat in the next six to twelve months. Basic indicators including: projected annual population growth of 1.9% to 2% over the next 5 years; the improving employment numbers; the strength in housing; low inflation, interest rates and tax rates; as well as proposed private investment and planned county-wide infrastructure improvements, points to a strong, long-term resurgence in Broward County's economic vitality. Considering these long-term economic indicators and Broward County's most treasured assets – sun and sand, Broward County remains a stable and viable economic base which provides a good place to live and raise a family.

## ***Major Initiatives***

The Council had a very busy productive second year and is looking forward to the continuation of building upon our successes. Second year achievements include:

- ◆ \$5 million of Council funding leveraged nearly \$3 million in state dollars for provide child care for over 2,000 children.
- ◆ Met community needs by expanding financial aid for Summer and After School programs, as well as infusing reading and physical fitness components as part of the curriculum.
- ◆ Summer Programs for children with special needs helped children maintain their skills during those our of school months and enabled parents to maintain employment.
- ◆ Matched the first \$100,000 raised by the public in the Sun-Sentinel's Children's Fund Campaign and 53,000 children received back-to-school clothing, backpacks, and supplies as a result.
- ◆ The Council chairs a Collaborative Grants Committee that works to find new funding sources for children service providers throughout the County. In 2003, \$12.5 million new dollars were brought into the County due to those efforts.
- ◆ The Council partnered with the Internal Revenue Service and other local organizations to aggressively promote the Earned Income Tax Credit ("EITC") program for working poor families. This multicultural effort resulted in an additional \$30 million drawn down directly into the pockets of Broward county citizens.

The Council's budget for fiscal year 2003-2004, its third fiscal year, is \$46.8 million, an increase of 20.6 percent. This will allow for the continued expansion of existing effective programs, as well as initiating innovative new programs and services to improve the quality of life of Broward's residents. To illustrate, there are an additional six competitive RFP's planned to expand or create new services and programs that are not currently available in Broward County in order to meet the ever growing needs of children and their families. These new programs include delinquency prevention and youth development, initiatives to address the "digital divide", programs to reduce child abuse and neglect, independent living strategies to prepare dependent teens for adulthood, and expansion of supervised visitation services.

The Council is very excited at implementing a systematic approach to tracking contractual data, performance-based outcomes and the community impact of our funded programs. The System of Activities and Management Information System ("SAMIS") is a web-enabled data base that will maintain provider data and measure outcomes to identify those programs that are most effective. This will enable the Council to fund services and programs based on effectiveness in order to get the "best bang for the buck".

In addition to its service related goals, the Council developed four system goals designed to help organize the fractured child and family serving community into a seamless system of care. A major component of that systems change is the stewardship of the community-wide Children's Strategic Plan.

### ***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, 2002. This was the first year that the Council was eligible to receive this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### ***Acknowledgments***

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

Respectfully Submitted,

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Cindy J. Arenberg Seltzer,  
President/CEO

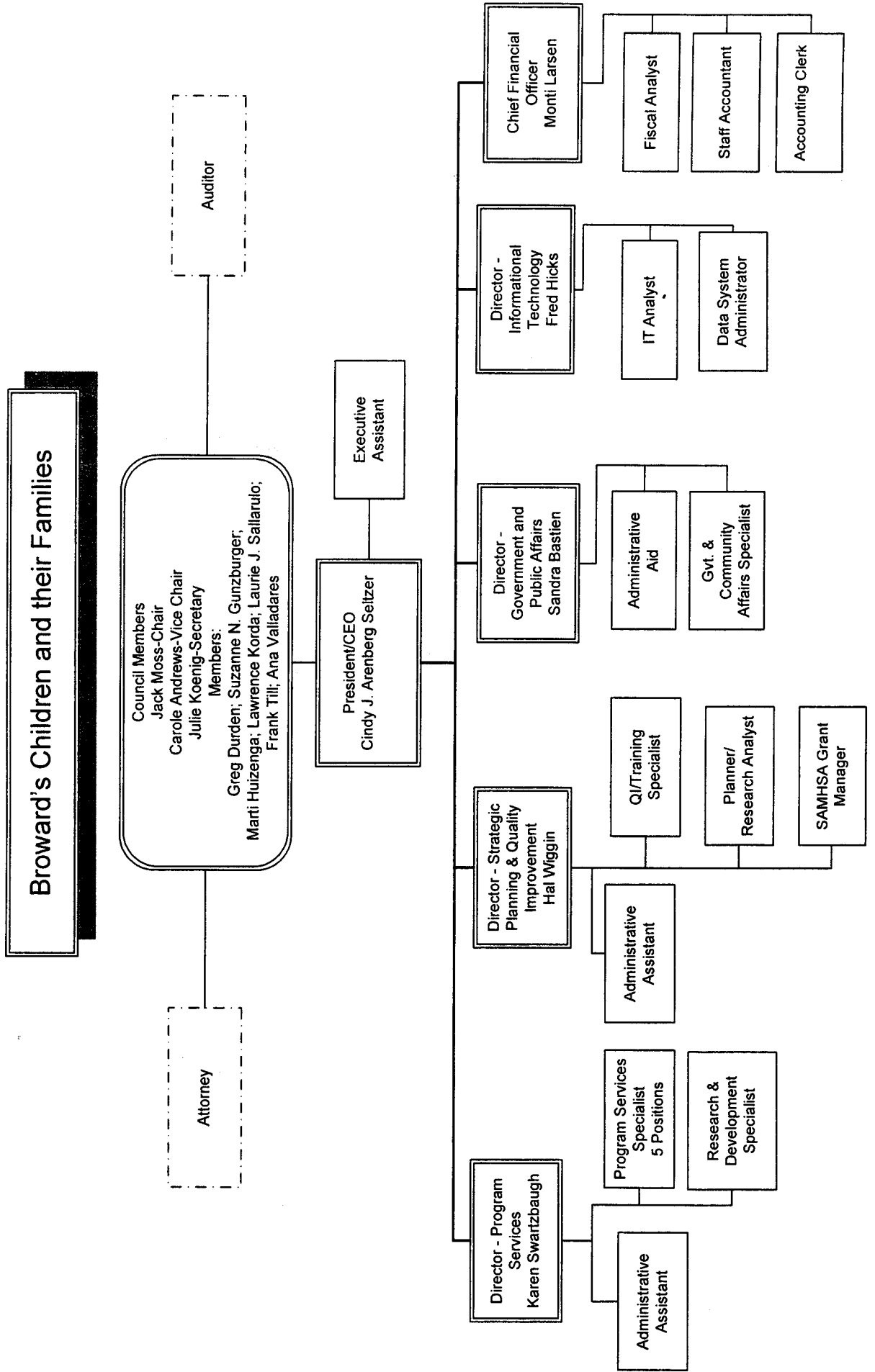
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Monti Larsen,  
Chief Financial Officer

# Children's Services Council of Broward County

## Organizational Chart and List of Principal Officials

### Fiscal Year 2001-2002



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Children's Services Council  
of Broward County,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Financial Section





# NOWLEN, HOLT & MINER, P.A.

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JANET R. BARICEVICH, CPA  
MARK B. ELHILOW, PFS, CPA

KATHLEEN A. MINER, CPA  
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ROBERT W. HELMREICH, CPA  
TERRY L. MORTON, JR., CPA  
N. RONALD BENNETT, CPA  
J. MICHAEL STEVENS, CPA  
DANIELA' E. RUSSELL, CPA  
RICHARD M. SOTHEN, CPA  
DANIEL A. KIRCHMAN, CPA  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the Children's Services Council of Broward County as of and for the year ended September 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the Children's Services Council of Broward County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Children's Services Council of Broward County as of September 30, 2003, and the results of its operations and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2004, on our consideration of the Children's Services Council of Broward County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the required supplementary information other than management's discussion and analysis are not a required part of the financial statements but are supplemental information required by U.S generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Children's Services Council of Broward County taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits*, and is not a required part of the financial statements of the Children's Services Council of Broward County. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Mawley, Holt & Miner, P.A.*

January 23, 2004

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

## **Management's Discussion and Analysis September 30, 2003**

Our discussion and analysis of Children's Services Council of Broward County ("Council") or ("CSC") financial performance provides an overview of the Council's financial activities for the fiscal year ended September 30, 2003. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 15.

### **FINANCIAL HIGHLIGHTS**

Fiscal year ending September 30, 2003 represents the second full year of operations and further illustrates the overall direction of the Council. Net assets increased slightly from the prior year; however, in subsequent years it is expected that this amount will be spent down as the capacity of the provider network catches up with the community's need for services. The following illustrates some of the Council's financial highlights:

- ◆ Levied taxes through the TRIM process. The millage rate was set at .3316 mills, which was the basis for a \$38.8 million budget to expand operations.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$17.9 million (net assets). Of this amount, \$17.7 million (unrestricted net assets) may be used to meet the Council's ongoing obligations to Broward's children and their families.
- ◆ The total cost of the Council's contracted program services in the second year of operations increased from \$7.7 million last fiscal year to \$26.7 million this fiscal year. This anticipated increase stemmed from programs implemented last year which are now annualized, expansion of services including out-of-school programs, as well as many new initiatives begun this fiscal year. Examples of the Council's response to the community's need for new and expanded services include the following:
  - Expenditures for Summer programs increased from \$4 million last year to \$5.3 million this fiscal year serving over 5,500 youth in 95 locations countywide.

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

## **Management's Discussion and Analysis September 30, 2003**

- Added an additional 10 new providers at 35 new site locations and serving over 1,000 new children for after-school programs.
- Added 5 new programs to serve almost 1,000 juvenile offenders who are eligible for diversion from the criminal justice system.
- Added 9 new programs, 5 of which replicate national best practices, to support over 850 children and their families with behavioral health needs. Additionally, these programs are helping to meet the federal match requirements for a grant worth over \$8 million over 5 years into the community.
- Initiated a new recruitment and retention campaign for foster parents for dependent teenagers.
- Led a community outreach project for Earned Income Tax Credit wherein the Council spent approximately \$94,000 promoting the tax credit which resulted in a return of over \$30 million additional dollars for the residents of Broward County's working poor families.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 15 and 17) 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 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds. The notes to the financial statements (on pages 24 – 36) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements, and is required by the U.S. Generally Accepted Accounting Principles. This report also contains other supplementary information in addition to the basic financial statements on page 38.

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

## **Management's Discussion and Analysis September 30, 2003**

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

#### ***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Furthermore, for financial reporting purposes, the Council is considered a special-purpose government engaged in a single governmental program. As such, the Statement of Activities is presented utilizing the alternative format presenting a single column that reports expenses first followed by revenues.

The *Statement of Net Assets* presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

These two statements report the Council's net assets and changes in them. You can think of the Council's net assets—the difference between assets and liabilities—as one way to measure the Council's financial health, or financial position. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial health is improving or deteriorating.

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

## **Management's Discussion and Analysis September 30, 2003**

You will; however, need to consider that the Council is only in its second full year of operations and it will require a few years of full business cycles in which to develop fiscal trends to gauge financial health. It is fully anticipated that net assets will decrease over the next few years as capacity within the provider community is expanded and able to offer the needed programs and services. This expected decrease of net assets in the next few years is not an indication of deteriorating financial health of the organization. Rather, it is merely a continuation of the start-up phase of the organization as a whole. Once the Council is well established, other non-financial factors, such as changes in the Council's property tax base, will also, over time, help to assess the overall financial health of the Council.

In the Statement of Activities, we divide the Council into two kinds of activities: Contracted Programs and General Administration. The Contracted Programs category includes expenses that directly fund provider agencies for services to children and families, as well as the related support to manage these contracts. The General Administration category is self-explanatory and includes those common support expenses.

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

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

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

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

## **Management's Discussion and Analysis September 30, 2003**

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the end of the related fund financial statement.

While some funds are required to be established by State law, currently the Council uses the General Fund and Special Revenue Fund as defined by the Governmental Accounting Standards Board ("GASB"). 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 a federal grant from the Department of Health and Human Services Substance Abuse and Mental Health Services Administration ("SAMHSA").

The Council adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for both funds and can be found starting on page 38 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 24 to 36 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 are found on page 38 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Since this is the second year of Council operations, data is now available to present comparative financial information. As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Council's second year of generating tax revenue, assets exceeded liabilities by \$17.9 million at the close of the fiscal year.



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

## **Management's Discussion and Analysis September 30, 2003**

As new programs gear up to full operations and additional initiatives are brought on-line, the sizeable amount of net assets is expected to decrease in subsequent years. Thus, a reduction of net assets in subsequent years is not necessarily an indication of the Council's deteriorating financial condition.

### **CSC's Net Assets As of September 30, 2003**

	<b>FY 2003</b>	<b>FY 2002</b>
Current and Other Assets	\$ 22,499,220	\$ 17,848,569
Capital Assets	225,615	266,245
Total Assets	<u>22,724,835</u>	<u>18,114,814</u>
Current and Other Liabilities	4,622,289	1,267,902
Long-Term Liabilities	127,797	73,189
Total Liabilities	<u>4,750,086</u>	<u>1,341,091</u>
Net Assets:		
Invested in Capital Assets	225,615	266,245
Unrestricted	17,733,143	16,507,478
Total Net Assets	<u>\$ 17,958,758</u>	<u>\$ 16,773,723</u>

- ◆ The change in net assets from last fiscal year to this fiscal year was an increase of \$1.2 million. The unrestricted net assets are committed to on-going contracts in the upcoming fiscal year.
- ◆ Capital assets slightly decreased from the prior year because of depreciation expense.
- ◆ The current and other liabilities category is comprised primarily of accounts payable, which increased \$3.4 million due to timing of provider invoices for September services.
- ◆ Finally, 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 September 30, 2003**

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

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

	<b>FY 2003</b>	<b>FY 2002</b>
Revenues:		
Property Taxes	\$ 28,840,883	\$ 23,925,608
Investment Earnings	431,398	313,098
Other	607,699	2,568,160
Total Revenues	<u>29,879,980</u>	<u>26,806,866</u>
Expenses:		
Contracted Programs	26,715,259	8,357,322
General Administration	1,309,537	1,315,853
Community Redevelopment and Tax Collector Fees	670,149	117,479
Total Expenses	<u>28,694,945</u>	<u>9,790,654</u>
Increase in Net Assets	1,185,035	17,016,212
Net Assets - Beginning of Year	<u>16,773,723</u>	<u>(242,489)</u>
Net Assets - End of Year	<u>\$ 17,958,758</u>	<u>\$ 16,773,723</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2003, property taxes totaled \$28.8 million. While the Council is authorized to levy up to .5 mills, for fiscal year 2002-2003 the property tax levy was established at .3316 mills up from .3055 mills from the prior year. The Council is incrementally increasing the millage rate as the service provider community builds the capacity to absorb the new programs and services required to meet the identified needs of the children and families of the County.

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

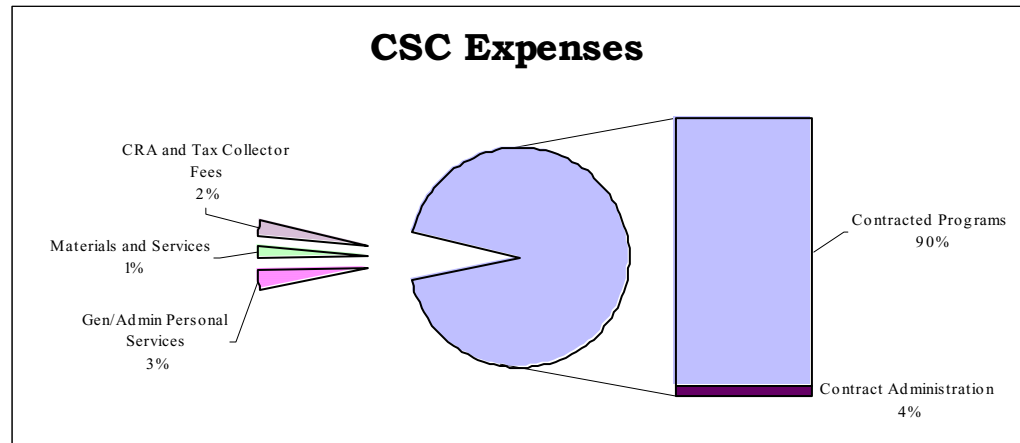
## **Management's Discussion and Analysis September 30, 2003**

- ◆ **Investment earnings** totaled \$431,398 in fiscal year 2003, which is an increase from the prior year due to an increase in investments. The Council earned most of the interest revenues by placing idle cash with the Florida Local Government Funds Surplus Trust Fund.
- ◆ **Other revenues** for the current year equal \$607,699 and include miscellaneous revenue, in-kind revenue, and grants. This amount is much less than the previous year due to a one year \$2 million TANF (Temporary Assistance for Needy Families) grant received in fiscal year 2002.
- ◆ **Expenses for Contracted Programs** totaled \$26.7 million in fiscal year 2003, an increase of \$18.4 million from fiscal year 2002. This increase represents our second full year of operations and continued growth in programs and services for children and their families throughout the County. As the graph on the following page illustrates, 94% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 90% are directly contracted to local service providers.
- ◆ **Expenses for General Administration** totaled \$1.3 million in fiscal year 2003, a slight decrease of \$6,316 from fiscal year 2002. This decrease exemplifies how the Council was in a start-up mode for the first year and demonstrates the Council's fiscal prudence concerning administrative expenses. The Council's focus continues to embrace expanding programs and services throughout the community with minimal administration cost. The general administrative expenses were 4% of the total expenses as demonstrated in the graph on the following page. The Community Redevelopment and Tax Collector fees, discussed in the following paragraph, make up the remaining 2% of the administrative expense.
- ◆ **Community Redevelopment and Tax Collector fees** for fiscal year 2003 increased substantially by \$552,670 for a total of \$670,149 for fiscal year 2003. The Tax Collector fees are based on the millage rate and increase proportionally as the millage rate increases. The Community Redevelopment Agency (CRA) tax increment payments are tied to the increased incremental property tax values in specific areas, as well as the Council's established millage rate. The Council is working collaboratively with the CRA's to either seek exemptions from the CRA or for the CRA to use these funds for programs and services that affect children in these areas.

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

## **Management's Discussion and Analysis September 30, 2003**

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2003.



Our analysis below separately considers the operations of governmental activities.

### **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND**

As the Council completed its second year of operations, the governmental funds (as presented in the balance sheet on page 18) reported a total fund balance of \$17.9 million. Included in the fund balance is \$37,505 reserved for Prepaid Expenditures. The term "reserve" should only be used to identify that portion of fund balance segregated for future purposes or not available for finance expenditures of subsequent years.

Designated amounts are not the same as reservations of fund balance as they represent planned actions, not an actual commitment. Accordingly, \$8.1 million is designated for the subsequent year's budget; thereby, effectively reducing the necessary millage rate for fiscal year 2003-2004. An additional designation of fund balance includes \$1.5 million for Contingency that the Council Members may appropriate as deemed necessary. This leaves a remaining undesignated fund balance of \$8.3 million.

The Council prepares budget amendments 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 \$11.3 million below the final budget amounts.

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

## **Management's Discussion and Analysis September 30, 2003**

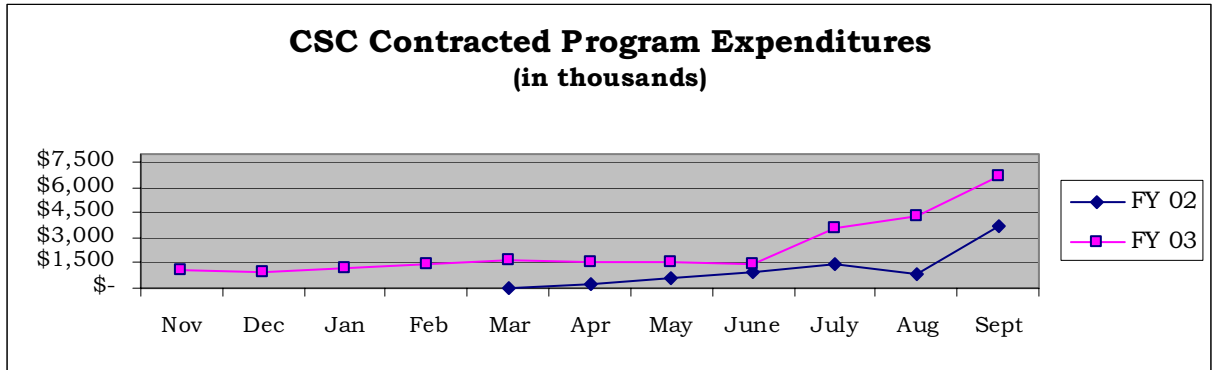
The most significant positive variance (\$9.8 million) occurred in Contracted Programs reflected in the Council's General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual found on pages 38-39. This variance is due to several factors as we continued our rapid expansion in building programs and services in year two. To illustrate:

- The Council released 4 separate Request for Proposals (“RFP”) throughout the fiscal year and required that the agencies begin these services within the same year. While many governments issue RFP's for services to begin in subsequent years, the Council has taken the position of getting the services to the community as quickly as possible. Therefore, the total annualized budget may not be used in the year allocated.
- Furthermore, RFP's require lead time to research best practices, followed by the implementation of new programs by provider agencies and the eventual client build-up through the referral process. Thus, once a program is funded this process takes time to draw down all of the budgeted funds. As programs reach their optimum capacity, expenditures are expected to level out at the budgeted amounts.
- Additional factors for the budget variance involve optimistic expectations that the providers would be able to utilize all of the budgeted funds, which did not happen for various reasons. For most contracts, the Council requires the service providers to invoice based on “units of service” not reimbursement of expenses. Consequently, if a provider does not provide all of the services that were anticipated, the contract is under-utilized. This method of invoicing allows the Council to only pay for services actually provided. Finally, 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.

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

## **Management's Discussion and Analysis September 30, 2003**

The graph below depicts the Contracted Programs expenditures by month as compared to the prior year. (Note that invoices are billed in the month following service, thus October services are paid in November. September services are accrued back into September.)



Alternatively, resources available for appropriation (revenues) were \$743,053 above the final budgeted amount. This positive variance was a result of tax collections that were higher than predicted and higher interest revenues.

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

At the end of fiscal year 2003, the Council had \$225,615 invested in capital assets. These assets are primarily the computer hardware and related software. More detailed information about the Council's policies concerning capital assets is presented in Note 2 of the Notes to the Financial Statements.

As presented in Note 11 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. More detailed information about the Council's long-term liabilities is presented in Note 8 of the Notes to the Financial Statements.

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

The Council Members considered many factors when setting the fiscal-year 2003 budget and tax rates. The Council members continue to be very cautious in raising tax rates, weighing their desire to meet the expanding need for services against the service provider capacity to deliver quality services. The Council is also mindful of the .5 mill maximum tax levy and the local economy.

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

## **Management's Discussion and Analysis September 30, 2003**

A snapshot of the economic data indicates that the local economy is recovering; however, there continues to be an increased need for Council-funded services. For example, the County's child population has increased 8.4 percent over the past two years, together with increased numbers of children with special needs.

Unemployment in the greater Fort Lauderdale/Miami region as of September 2003 now stands at 5.9 percent versus 6.0 percent a year ago. This compares with the State's unemployment rate of 4.9 percent and the national rate of 5.8 percent.

Inflation in the greater Fort Lauderdale/Miami region continues to be somewhat higher than the national Consumer Price Index (CPI) increase. The region's CPI increase was 3.2 percent for the calendar year compared with the average U.S. city rate of 2.3 percent. Inflation has been higher here due in part to the residential housing market and energy price increases in 2002-2003.

Currently, the Council is afforded a degree of flexibility on how the budget is developed given that it is a newly created organization which has not yet reached the maximum millage rate of .5 mills. This permits the Council to research and analyze the needs of Broward's children and their families and set the budget accordingly. However, once the dollars are committed and annualized for continuing children's services programs, the budget process may undergo some modifications in order to remain flexible to meet the community needs.

At present, Council goals and objectives are shaped with the help of staff, input from the community, and the County-wide Children's Strategic Plan. The budget is developed around those identified service and system needs. As explained above, appropriations exceeded expenditures by \$11.3 million for fiscal year 2003. Thus, the Council members voted to carry-forward \$8.1 million of appropriations to meet the needs of the subsequent fiscal year. This allowed the Council members to incrementally increase the final millage rate of .3920 mills for the 2003-2004 fiscal year.

### **REQUESTS FOR INFORMATION**

This financial report has been designed to provide Broward County's citizens, taxpayers, customers, and creditors 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 Financial Officer at 351 N. State Road 7, Suite 200, Plantation, Florida 33317 or visit our website at: [www.cscbroward.org](http://www.cscbroward.org).

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Net Assets**  
**September 30, 2003**

	<u><b>Total Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 1,427,025
Investments	20,584,238
Taxes Receivable	75,912
Accounts and Interest Receivable	43,994
Due from Other Governments	314,555
Prepaid Expenses	37,505
Other Assets:	
Capital Assets, Net of Accumulated Depreciation:	
Equipment	28,496
Computer Hardware/Software	197,119
Total Capital Assets, Net	<u>225,615</u>
Total Assets	<u>22,708,844</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	4,525,386
Salaries and Fringe Benefits Payable	85,276
Noncurrent Liabilities:	
Compensated Absences:	
Expected to be paid within one year	11,627
Expected to be paid after one year	127,797
Total Liabilities	<u>4,750,086</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	225,615
Unrestricted	17,733,143
Total Net Assets	<u><u>\$ 17,958,758</u></u>

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





**CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2003**

**Expenses:**

Contracted Services:	
Contracted Programs	\$ 25,678,518
Contract Administration	1,036,741
	<hr/>
Total Contracted Program Expenses	26,715,259
	<hr/>
General Administration:	
Personal Services	900,264
Materials and Services	409,273
Community Redevelopment and Tax Collector Fees	670,149
	<hr/>
Total General Administration Expenses	1,979,686
	<hr/>
<b>Total Expenses</b>	<b>28,694,945</b>
	<hr/>

**General Revenues:**

Property Taxes	28,840,883
Investment Earnings	431,398
Grants	464,306
Miscellaneous Local	143,393
	<hr/>
Total General Revenues	29,879,980
	<hr/>
Change in Net Assets	1,185,035
	<hr/>
Net Assets - Beginning of the Year	16,773,723
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Net Assets - End of the Year	<b>\$ 17,958,758</b>
	<hr/> <hr/>

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, 2003**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 1,423,052	\$ 3,973	\$ 1,427,025
Investments	20,584,238	-	20,584,238
Taxes Receivable	75,912	-	75,912
Accounts and Interest Receivable	43,994	-	43,994
Due from Other Governments	-	314,555	314,555
Due from Other Funds	60,767	-	60,767
Prepaid Expenditures	37,505	-	37,505
Total Assets	\$ 22,225,468	\$ 318,528	\$ 22,543,996
<b>LIABILITIES and FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 4,267,625	\$ 257,761	\$ 4,525,386
Salaries and Fringe Benefits Payable	85,276	-	85,276
Due to Other Governments	-	60,767	60,767
Total Liabilities	4,352,901	318,528	4,671,429
Fund Balance:			
Reserved for:			
Reserved for Prepaid Expenditures	37,505	-	37,505
Unreserved/Designated for:			
Designated for Contingency	1,473,644	-	1,473,644
Designated for Subsequent Year's Budget	8,063,949	-	8,063,949
Undesignated Fund Balance	8,297,469	-	8,297,469
Total Fund Balance	17,872,567	-	17,872,567
Total Liabilities and Fund Balance	\$ 22,225,468	\$ 318,528	\$ 22,543,996

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

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**September 30, 2003**

Fund Balances - Total Governmental Funds \$ 17,872,567

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Governmental capital assets	483,922	
Less accumulated depreciation	<u>(258,307)</u>	225,615

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

Compensated absences		(139,424)
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Net Assets of Governmental Activities		<u><u>\$ 17,958,758</u></u>
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Notes to the Financial Statements are an integral part of this statement

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Revenues, Expenditures and**  
**Changes In Fund Balance - Government Funds**  
**For the Year Ended September 30, 2003**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 28,840,883	\$ -	\$ 28,840,883
Interest on Investments	431,398	-	431,398
Miscellaneous Local	115,356	-	115,356
In-Kind Local Match	50,807	-	50,807
Federal through State	2,000,000	464,306	2,464,306
Total Revenue	<u>31,438,444</u>	<u>464,306</u>	<u>31,902,750</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Contracted Services:</b>			
Contracted Programs	<u>25,340,688</u>	<u>337,830</u>	<u>25,678,518</u>
<b>Contract Administration:</b>			
Employee Salaries & Benefits	764,080	36,036	800,116
Other Consultants	1,212	36,435	37,647
Material and Supplies	28,068	1,894	29,962
Printing and Advertising	6,617	-	6,617
Telecommunications	4,356	285	4,641
Other Expenditures	17,686	41,806	59,492
Total Contract Administration	<u>822,019</u>	<u>116,456</u>	<u>938,475</u>
<b>General Administration:</b>			
Employee Salaries & Benefits	869,154	-	869,154
Legal Fees	48,172	-	48,172
Auditors and Other Consultants	62,315	-	62,315
Materials and Supplies	33,012	-	33,012
Printing and Advertising	41,804	-	41,804
Other General Administration	129,056	-	129,056
Telecommunications	35,820	-	35,820
Other Expenditures	56,042	-	56,042
Tax Collection Fees	135,102	-	135,102
Community Redevelopment Area Fees	535,047	-	535,047
Total General Administration	<u>1,945,524</u>	<u>-</u>	<u>1,945,524</u>

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Capital Outlay:</b>			
Computer Hardware/Software	42,095	9,729	51,824
Furniture/ Equipment	2,682	291	2,973
Remodeling/Renovations	225	-	225
Total Capital Outlay	<u>45,002</u>	<u>10,020</u>	<u>55,022</u>
<b>Total Expenditures</b>	<u>28,153,233</u>	<u>464,306</u>	<u>28,617,539</u>
<b>Net Change in Fund Balance</b>	3,285,211	-	3,285,211
<b>Beginning Fund Balance</b>	<u>14,587,356</u>	<u>-</u>	<u>14,587,356</u>
<b>Ending Fund Balance</b>	<u>\$ 17,872,567</u>	<u>\$ -</u>	<u>\$ 17,872,567</u>

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



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the**  
**Statement of Activities**  
**September 30, 2003**

Net Change in Fund Balances - Total Governmental Funds \$ 3,285,211

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	103,333	
Less current year depreciation	<u>(143,963)</u>	(40,630)

Governmental Funds report revenues when earned and available. However, in the Statement of Activities, revenues are recognized when earned, regardless of availability.

Program revenue - operating grants	(2,000,000)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.

Change in long-term compensated absences	(59,546)
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Change in Net Assets of Governmental Activities	<u><u>\$ 1,185,035</u></u>
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Notes to the Financial Statements are an integral part of this statement





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

## **Notes to the Financial Statements**

**September 30, 2003**

### **1. DESCRIPTION OF THE CHILDREN'S SERVICES COUNCIL**

The Children's Services Council of Broward County ("Council") is a special independent taxing district authorized under Florida Law, Chapter 2000-461. The law became effective January 1, 2001 and is controlled by a governing board consisting of ten members. The ten member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and five (5) members appointed by virtue of the office or position they hold within the community. After the initial two year period ending November 2002, the Council members will have staggering four year terms.

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

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

## **Notes to the Financial Statements**

**September 30, 2003**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### ***a. Reporting Entity***

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

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

#### ***b. New Reporting Model***

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Subsequent to the issuance of Statement No. 34, the GASB issued Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements entail new financial reporting requirements that are the most significant changes observed in over twenty years for governmental financial reporting. The Council has adopted the provisions of GASB Statement No. 34 and related statements for fiscal year ended September 30, 2003.

Under the new reporting model, the basic financial statements include both government-wide (based on full accrual accounting) and fund financial statements (modified accrual accounting).

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

## **Notes to the Financial Statements**

**September 30, 2003**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### ***c. Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Council. The interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely significantly on fees and charges for support. The Council does not have any business-type activities.

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

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

#### ***d. Measurement Focus and Basis of Accounting***

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

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

## **Notes to the Financial Statements**

**September 30, 2003**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

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

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

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

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

#### ***e. Major Funds***

The Council reports the following governmental funds:

The General Fund is the Council's primary operating fund. It accounts for all financial resources of the Council. Additionally, the Council has a Special Revenue Fund which accounts for a federal grant award from the Department of Health and Human Services Substance Abuse and Mental Health Services Administration ("SAMHSA").

#### ***f. Budgets and Budgetary Accounting***

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

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

## **Notes to the Financial Statements**

**September 30, 2003**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### ***g. Cash and Investments***

The Council utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Florida Statutes authorize a variety of investment mechanisms; however, the Council places the majority of its investments with the Local Government Surplus Funds Trust Fund. This is a highly liquid investment pool available for investing temporarily idle cash by Florida governments and is managed by the State Board of Administration ("SBA"). In order to accommodate pool participants with readily available cash, a substantial portion of the portfolio is placed in short-term securities. According to the SBA, the pool meets the criteria to be considered a "2a-7 like fund", as defined by GASB Statement No. 31. Accordingly, the fund has reported the same value as the pool shares allocated to the Council.

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.

#### ***h. Inventory and Prepaid Items***

The Council does not utilize any inventory items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### ***i. Encumbrances***

Encumbrances lapse at year-end. 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 do not constitute expenditures or liabilities since goods and services have not been received.

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

**Notes to the Financial Statements**

**September 30, 2003**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

***j. Capital Assets***

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

Maintenance, repairs and minor renovations are not capitalized. Expenditures that materially increase values or extend useful lives are capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Computer Hardware/Software	3
Equipment	5

Depreciation expense is reflected in the financial statements in accordance with GASB Statement No. 34 requirements for capital assets greater than \$5,000. Thus, contract program related expenditures include depreciation expense, generally an indirect cost, in Contract Administration. For the General Administration category, depreciation expense is included in Materials and Services.

Per Florida State Statutes as well as internal control purposes, assets with a historical cost greater than \$750 are tagged and recorded in the fixed asset system. For Governmental Fund reporting, capital outlay includes all capital expenditures over \$750.

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

**Notes to the Financial Statements**

**September 30, 2003**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

***k. Compensated Absences***

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

Employees can accrue unlimited sick leave, but are only reimbursed for a percentage of unused sick leave upon termination after at least 3 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. However, the liability for all accrued and vested vacation and sick leave benefits, plus sick leave benefits expected to become vested, is recorded in the government-wide financial statements.

***l. Fund Balance***

In the fund financial statements, reservations of fund balance are reported to indicate a portion of fund balance is not available for appropriation, for expenditure or is legally segregated for a specific purpose. Designation of fund balance identifies tentative plans for the future use of financial resources. The undesignated fund balance is available for future appropriation.

***m. Use of Estimates***

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



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

## **Notes to the Financial Statements**

**September 30, 2003**

### **3. CASH AND INVESTMENTS**

Florida statutes authorize the deposit of the Council funds in demand deposits or time deposits of financial institutions approved by the State Treasurer and are defined as public depositories. All the Council public deposits are held in Qualified Public Depositories ("QPD") pursuant to Chapter 280, Florida Statutes, "Florida Security for Public Deposits Act." Under the act, public funds are protected against loss due to insolvency by: (1) federal deposit insurance; (2) the pledge of securities as collateral; and (3) a contingent liability agreement that allows the Treasurer to assess QPDs if the securities pledged by an insolvent QPD are insufficient. All bank balances of the Council are held in a QPD. The book value of the Council's deposits does not differ materially from the bank balance of deposits.

As prescribed by GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, certain investments are categorized to give an indication of the level of credit (not market) risk assumed by the Council at year end based on various investment categories as to how securities are registered, insured or where held in custody. These credit risk categories are:

- a. Insured or registered investments or securities held by the Council or held by the Council's agent in the Council's name.
- b. Uninsured or unregistered investments for which the securities are held by the counterparty or by its trust department or agent in the Council's name.
- c. Uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Council's name.

As of September 30, 2003, the Council did not have any investments that require categorizing for credit risk as shown above.

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

**Notes to the Financial Statements**

**September 30, 2003**

**3. CASH AND INVESTMENTS, (Continued)**

Cash and Investments as of September 30, 2003 are composed of the following:

Cash Deposits	\$ 1,427,025
Investments with the SBA	<u>20,584,238</u>
Total Cash and Investments	<u>\$ 22,011,263</u>

**4. ACCOUNTS AND INTEREST RECEIVABLE**

Accounts and Interest Receivable at September 30, 2003 consists of the following:

	<u>General Fund</u>
Interest Receivable	\$ 2,111
Refund	36,706
Registration Fees	4,803
Other	<u>374</u>
Total Accounts Receivable	<u>\$ 43,994</u>

**5. INTERFUND RECEIVABLES AND PAYABLES**

Interfund Receivables and Payables at September 30, 2003 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 60,767	\$ -
Special Revenue Fund	<u>-</u>	<u>60,767</u>
Total	<u>\$ 60,767</u>	<u>\$ 60,767</u>

The purpose of these transactions is to account for the interfund activity between the SAMHSA grant in the Special Revenue Fund and the General Fund.

# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

## Notes to the Financial Statements September 30, 2003

### 6. PROPERTY TAXES

The Council is permitted by Florida Statutes to levy taxes up to 0.5 mills per \$1,000 of assessed valuation. The rate levied for the Council for fiscal year 2003 was 0.3316 mills. Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for real and personal property located within Broward County. The assessed value at January 1, 2002 upon which the fiscal year 2003 levy was based, was approximately \$89.6 billion.

A four percent discount is 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. Property taxes receivable from the tax collector at September 30, 2003 is \$75,912.

### 7. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2002	Additions	Deletions	Balance at Sept 30, 2003
Capital Assets:				
Equipment	\$ 25,244	\$ 14,244	\$ -	\$ 39,488
Computer Hardware/Software	355,345	89,089	-	444,434
Total Capital Assets	380,589	103,333	-	483,922
Less Accumulated Depreciation:				
Equipment	5,229	5,763	-	10,992
Computer Hardware/Software	109,115	138,200	-	247,315
Total Accumulated Depreciation	114,344	143,963	-	258,307
Capital Assts, Net	\$ 266,245	\$ (40,630)	\$ -	\$ 225,615

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

**Notes to the Financial Statements  
September 30, 2003**

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

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

Contract Administration	\$ 92,600
General Administration	<u>51,363</u>
Total Depreciation Expense	<u>\$ 143,963</u>

**8. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for fiscal year ended September 30, 2003:

	Beginning Balance Oct 1, 2002	Additions	Deletions	Ending Balance Sept 30, 2003
Compensated Absences:				
Vacation Accrual	\$ 66,887	\$ 49,380	\$ -	\$ 116,267
Sick Leave Accrual	12,991	10,166	-	23,157
Total Compensated Absences	<u>\$ 79,878</u>	<u>\$ 59,546</u>	<u>\$ -</u>	<u>\$ 139,424</u>

**9. OPERATING LEASES**

The Council is committed under various operating leases for the office space and copying equipment. Lease expenditures for office equipment for the year ended September 30, 2003 amounted to \$13,429. The current facility lease agreement provides rent concessions prorated over a five year term. In-kind revenue is recognized along with the rent expense for this discounted portion in accordance with GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. This amount was \$87,500 for the fiscal year ended September 30, 2003.

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

**Notes to the Financial Statements  
September 30, 2003**

**9. OPERATING LEASES, (Continued)**

Future minimum lease payments for these leases are as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Minimum Building Lease Payment</b>	<b>Minimum Equipment Lease Payment</b>
2004	\$ 53,958	\$ 13,429
2005	71,459	1,920
2006	80,208	1,920
2007	-	-
	<u>\$ 205,625</u>	<u>\$ 17,269</u>

**10. DEFINED BENEFIT PENSION PLAN**

Plan Description: The Council contributes to the Florida Retirement System ("FRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida legislature established FRS under Chapter 121, Florida Statutes, and has the sole authority to amend benefits provisions. Each year FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

Funding Policy: FRS is non-contributory for employees and the Council is required to contribute an actuarially determined rate. At the end of the fiscal year, the rate was 7.39% for regular employees and 9.37% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2003 and 2002 were \$80,237 and \$61,556, respectively, equal to the required contribution.

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

**Notes to the Financial Statements**

**September 30, 2003**

**11. 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 excess of those that are insured, those that are uninsurable, and deductibles ranging 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.

**12. OTHER COMMITMENTS AND CONTINGENCIES**

***Contract Carryovers***

On September 18, 2003, the Council Members approved renewing the contracts for the various programs for the subsequent year in the amount of \$8.1 million. This amount is appropriated in the fiscal year 2003-2004 budget.





**REQUIRED SUPPLEMENTARY  
INFORMATION**



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

**General Fund**

**Schedule of Revenues, Expenditures, and Changes**

**in Fund Balance - Budget to Actual**

**For The Year Ended September 30, 2003**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>% of Budget</b>
<b>Revenues:</b>					
Ad Valorem Taxes	\$ 28,476,849	\$ 28,476,849	\$ 28,840,883	\$ 364,034	101.28%
Interest on Investments	100,000	100,000	431,398	331,398	0.00%
Miscellaneous Local	67,500	67,735	115,356	47,621	0.00%
In-Kind Local Match	51,042	50,807	50,807	-	100.00%
Federal Through State	2,000,000	2,000,000	2,000,000	-	0.00%
<b>Total Revenue</b>	<b>30,695,391</b>	<b>30,695,391</b>	<b>31,438,444</b>	<b>743,053</b>	<b>102.42%</b>
<b>Expenditures:</b>					
<b>Contracted Programs:</b>					
Contracted Programs	35,176,101	35,176,101	25,340,688	9,835,413	72.04%
<b>Contract Administration:</b>					
Employee Salaries & Benefits	781,525	807,856	764,080	43,776	94.58%
Other Consultants	-	2,220	1,212	1,008	54.59%
Material and Supplies	9,000	32,718	28,068	4,650	85.79%
Printing and Advertising	20,000	21,045	6,617	14,428	31.44%
Telecommunications	3,500	4,502	4,356	146	96.76%
Other Expenditures	35,000	35,166	17,686	17,480	50.29%
<b>Total Program Services</b>	<b>849,025</b>	<b>903,507</b>	<b>822,019</b>	<b>81,488</b>	<b>90.98%</b>
<b>General Administration:</b>					
Employee Salaries & Benefits	914,601	888,268	869,154	19,114	97.85%
Legal Fees	60,000	60,000	48,172	11,828	80.29%
Auditors and Other Consultants	86,000	68,780	62,315	6,465	90.60%
Materials and Supplies	28,300	44,300	33,012	11,288	74.52%
Printing and Advertising	50,000	42,703	41,804	899	97.89%
Other General Administration	241,020	240,020	129,056	110,964	53.77%
Telecommunications	54,700	54,001	35,820	18,181	66.33%
Other Expenditures	95,000	77,067	56,042	21,025	72.72%
Tax Collection Fees	200,000	200,000	135,102	64,898	67.55%
Comm. Redevelopment Fees	270,200	535,047	535,047	-	100.00%
Contingency	750,000	750,000	-	750,000	0.00%
<b>Total General Administration</b>	<b>2,749,821</b>	<b>2,960,186</b>	<b>1,945,524</b>	<b>1,014,662</b>	<b>65.72%</b>

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>% of Budget</b>
Capital Outlay:					
Computer Hardware/Software	332,394	332,394	42,095	290,299	12.66%
Furniture/ Equipment	47,831	47,831	2,682	45,149	5.61%
Remodeling/Renovations	2,500	2,500	225	2,275	9.00%
Total Capital Outlay	382,725	382,725	45,002	337,723	11.76%
<b>Total Expenditures</b>	39,157,672	39,422,519	28,153,233	11,269,286	71.41%
<b>Excess of Revenues over Expenditures</b>	\$ (8,462,281)	\$ (8,727,128)	3,285,211	\$ 12,012,339	
<b>Beginning Fund Balance</b>			14,587,356		
<b>Ending Fund Balance</b>			\$ 17,872,567		

NOTE: GAAP serves as the budgetary basis.



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget to Actual**  
**For The Year Ended September 30, 2003**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>	<b>% of Budget</b>
<b>Revenues:</b>					
Federal Through State	\$ 520,340	\$ 520,340	\$ 464,306	(56,034)	0.00%
Total Revenue	520,340	520,340	464,306	(56,034)	89.23%
<b>Expenditures:</b>					
<b>Contracted Programs:</b>					
Contracted Programs	420,423	362,412	337,830	24,582	93.22%
<b>Contract Administration:</b>					
Employee Salaries & Benefits	38,017	37,258	36,036	1,222	96.72%
Other Consultants	-	50,000	36,435	13,565	72.87%
Material and Supplies	9,100	9,100	1,894	7,206	20.81%
Telecommunications	-	312	285	27	91.35%
Other Expenditures	20,000	28,458	19,036	9,422	66.89%
Indirect Cost	22,770	22,770	22,770	-	100.00%
Total Program Services	89,887	147,898	116,456	31,442	78.74%
Capital Outlay:					
Computer Hardware/Software	9,738	9,738	9,729	9	99.91%
Furniture/ Equipment	292	292	291	1	99.66%
Total Capital Outlay	10,030	10,030	10,020	10	99.90%
<b>Total Expenditures</b>	520,340	520,340	464,306	56,034	89.23%
<b>Excess of Revenues over Expenditures</b>	\$ -	\$ -	-	\$ -	-
<b>Beginning Fund Balance</b>			-		
<b>Ending Fund Balance</b>			\$ -		

NOTE: GAAP serves as the budgetary basis.





**OTHER SUPPLEMENTARY  
INFORMATION**



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2003**

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Federal Expenditures</u>
Federal Awards			
<u>Department of Health and Human Services</u>			
Passed Through Broward County Board of Commissioners			
CMHS Child Mental Health Service Initiative	93.104	03-CSAD-8381	\$ <u>464,306</u>

**Note 1 - Significant Accounting Policies**

The schedule of expenditures of federal awards is a summary of the activity of the Council's federal award programs presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.





Statistical  
Section



CHILDREN'S SERVICES  
COUNCIL of Broward County

**CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY**  
**General Fund Revenues by Source**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Ad Valorem Taxes</b>	<b>Interest on Investments</b>	<b>Federal through State</b>	<b>Misc Local</b>	<b>In-Kind Local Match</b>	<b>Total Revenue</b>
2002	\$ 23,925,608	\$ 313,098	\$ 455,912	\$ 28,135	\$ 84,113	\$ 24,806,866
2003	28,840,883	431,398	2,000,000	115,356	50,807	31,438,444

Source: The Children's Services Council - Finance Administration

Note: The Children's Services Council first full year of operation was 2002.

**CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY**  
**General Fund Expenditures by Function**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended September 30</b>	<b>Program Services</b>	<b>General Administration</b>	<b>Capital Outlay</b>	<b>Total Expenditures</b>
2002	\$ 8,263,626	\$ 1,164,139	\$ 474,280	\$ 9,902,045
2003	26,162,707	1,945,524	45,002	28,153,233

Source: The Children's Services Council - Finance Administration

Note: The Children's Services Council first full year of operation was 2002.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Fund Balance Trends - General Fund**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended September 30</b>	<b>Fund Balance</b>
2002	\$ 14,587,356
2003	17,872,567

Source: The Children's Services Council - Finance Administration

Note: The Children's Services Council first full year of operation was 2002.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Property Tax Levies and Collections -**  
**For the General Fund**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Net Taxable Assessed Valuation (In Thousands)</b>	<b>Base Millage</b>	<b>Property Taxes Levied</b>	<b>Discounts For Early Payment</b>	<b>Total Tax Collections</b>	<b>% of Total Tax Collected to Property Taxes Levied</b>
2002	\$ 80,343,876	0.3055	\$ 25,231,408	N/A	\$ 23,925,608	94.82%
2003	89,606,835	0.3316	30,659,841	1,034,746	28,840,883	94.07%

N/A - Not Available

Source: Property Appraisers Office

Note: The Children's Services Council - Finance Administration

The Children's Services Council first full year of operation was 2002.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Assessed Value of Taxable Property (In Thousands) -**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Real Property</b>				
	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Other (1)</b>	<b>Total</b>
2002	\$ 66,766,083	\$ 14,687,789	\$ 4,692,641	\$ 7,334,222	\$ 93,480,735
2003	83,640,748	18,072,551	5,844,902	8,522,723	116,080,924

(1) Agricultural property, vacant property of non-profit agricultural use and miscellaneous  
 Note: The basis of assessed value is approximately one hundred percent (100%) of actual value.  
 Source: Broward County Property Appraiser

<b>Fiscal Year Ended Sept 30</b>	<b>Assessed Value</b>		<b>Exemptions</b>		<b>Net Assessed Value</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Real Property</b>	<b>Personal Property</b>	
2002	\$ 93,480,735	\$ 7,765,378	\$ 22,522,462	\$ 108,813	\$ 78,614,838
2003	116,080,924	8,030,740	28,789,301	123,306	95,199,057

Source: Broward County Property Appraiser  
 Note: The Children's Services Council first full year of operation was 2002.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Property Tax Rates Per Thousand of Assessed Valuation**  
**All Countywide Direct and Overlapping Governments**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended September 30</b>	<b>Children's Services Council</b>	<b>County</b>	<b>Schools</b>	<b>S Florida Water Management District</b>	<b>Total</b>
<b>Tax Rates (Per \$1,000 of Assessed Value):</b>					
2002	0.3055	7.4005	8.7541	0.6970	17.1571
2003	0.3316	7.3650	8.8825	0.6970	17.2761

<b>Fiscal Year Ended September 30</b>	<b>Children's Services Council</b>	<b>County (1)</b>	<b>Schools</b>	<b>S Florida Water Management District</b>	<b>TOTAL</b>
<b>Tax Levies (in thousands):</b>					
2002	\$ 25,231	\$ 608,170	\$ 723,034	\$ 57,568	\$ 1,414,003
2003	25,972	672,307	814,957	63,949	1,577,185

**Computation of Direct and Overlapping Debt (In Thousands)**

<b>Jurisdiction</b>	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to Entity</b>	<b>Amount Applicable to Entity</b>
Broward County	\$ 334,095	100%	\$ 334,095
Broward County School Board	125,882	100%	125,882
Total			<u>\$ 459,977</u>

(1) Net of Certified Adjustments

Source: Broward County Revenue

Note: The Children's Services Council first full year of operation was 2002.



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Principal Taxpayers (In Thousands)**  
**Broward County**  
**September 30, 2003**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Taxes Levied</b>	<b>Percent to Aggregate Taxes Levied</b>
Florida Power & Light Company	Public Utility	\$ 29,025	1.19%
BellSouth Corporation	Public Utility	19,500	0.80%
Diplomat Properties	Development	11,289	0.46%
Sunrise Mills, LTD	Development	7,152	0.29%
AT&T Communications	Public Utility	3,350	0.14%
Wheelabrator South Broward, Inc	Energy	3,282	0.13%
Wheelabrator North Broward, Inc	Energy	3,150	0.13%
AT&T Broadband	Public Utility	2,670	0.11%
Northwestern Mutual Life	Insurance	2,617	0.11%
Marriott Ownership Resorts Inc	Development	2,408	0.10%
Total principal taxpayers		<u>\$ 84,443</u>	<u>3.46%</u>

Source: Broward County Revenue Collector

Note: The Children's Services Council first full year of operation was 2002.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Demographic Statistics -**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Population (4)</b>	<b>Labor Force (1)</b>	<b>Annual Unemployment Rate (1)</b>	<b>School Enrollment (2)</b>	<b>Resident Births (3)</b>
2002	1,667,509	824,534	5.80%	266,272	22,139
2003	1,698,425	863,395	5.80%	271,339	22,274

**Percent of Children with No Health Care Insurance Coverage**

<b>Year</b>	<b>Age 6 and Under</b>	<b>Age 6 through 12</b>	<b>Age 13 through 17</b>	<b>Total</b>
2002	3.50%	9.70%	8.90%	7.30%
2003	Not Available. Survey conducted every two years.			

Sources:

- (1) Bureau of Labor Statistics (September 2003 Preliminary)
- (2) School Board of Broward County
- (3) Broward County Health Department (Year 2003 does not include out of state births to Florida residents.)
- (4) University of Florida, Bureau of Business and Economic Research (preliminary - as of April, 2003)

Note: The Children's Services Council first full year of operation was 2002.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Number of Personnel**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Full Time Personnel</b>	<b>Part- Time/Hourly Personnel</b>	<b>Total Personnel</b>
2002	22	0	22
2003	25	0	25

Number of employees at September 30

Source: Children's Services Council, Finance Administration

Note: The Children's Services Council first full year of operation was 2002.

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Property Value of Building Permits Issued,**  
**Construction and Bank Deposits (\$ in Thousands)**  
**Last Two Fiscal Years**

<b>Fiscal Year Ended Sept 30</b>	<b>Commercial Construction Value (1)</b>	<b>Residential Construction Value (1)</b>	<b>Bank Deposits (2)</b>
2002	\$ -	\$ 1,576,728	\$ 25,469,964
2003	-	865,500	27,354,363

Sources:

- (1) Broward County Office of Planning (Based on Calendar Year; Year 2003 - January through September)
- (2) Florida Bankers Association (June 30)
- (3) Broward County Property Appraisers Office
- N/A Information Not Available

Note: The Children's Services Council first full year of operation was 2002.

**Property Tax Value (3)**

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<b>Commercial</b>	<b>Residential</b>	<b>Nontaxable</b>
\$ 26,714,652	\$ 66,766,083	\$ 22,522,462
32,440,187	83,640,748	28,789,301

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Schedule of Insurance in Force**  
**As of September 30, 2003**

<b>Policy/ Number</b>	<b>Insurance Company</b>	<b>Coverage</b>	<b>Policy Period</b>
1CB83000	Essex Insurance Company	Commercial Property Policy Business Personal Property Extra Expense EDP Hardware	Sept 12, 2003- 2004
1CE8264	Essex Insurance Company	Commercial Property Policy Business Personal Property Extra Expense EDP Hardware	Sept 12, 2002 - 2003
FG105190	Gulf Insurance Company	Directors & Officers Liability	Oct 31, 2002- 2003
3F05427800	Lumbermen's Mutual Casualty	Commercial Crime	Dec 20, 2002- 2003
830-28280	Bridgfield Insurance Company	Workers' Compensation Bodily Injury by Accident - each accident  Bodily Injury by Disease - Policy Limit  Bodily Injury by Disease - each employee	Jan 1, 2003 - 2004

<b>Deductible or Self-Insured Retention</b>	<b>Policy Limits</b>	<b>Estimated Annual Premium</b>
\$ 1,000		\$ 4,012
	\$ 110,000 25,000	
	375,000	
		6,155
1,000	110,000 25,000	
2,500	375,000	
1,000	1,000,000	1,950
2,500	100,000	1,132
		6,704
	100,000	
	500,000	
	100,000	

**CHILDRENS SERVICES COUNCIL OF BROWARD COUNTY**  
**Miscellaneous Statistical Data**

**Broward County Government:**

Established	1915
Type of Government	Charter (1975)
County Seat	Fort Lauderdale
Governing body	Board of County Commissioners
Term of office	Four years
Geographic area	1,285 square miles

**Broward County:**

Population - Total	1,698,425
Population by Age Group	
0 through Middle School (2000)	280,977
0 to 5 (PreK) (2000)	99,902
4 & 5 Years (Not in K) (2000)	24,676
School Age total (excluding high School) (2000)	181,074
Middle School (2000)	58,884
Elementary (Incl-K) (2000)	122,191
Labor Force	863,395
Number of Cities and Towns	30

**Climate**

(Minimum Period of Record: 30 years)

Average Temperature	75.8 degrees	F
Average High	83.4 degrees	F
Average Low	68.3 degrees	F
Total Annual Average Precipitation	64.2 inches	

**Number of Public Schools**

Elementary	136
Middle	39
High	25
Adult/Vocational	6
Centers	10
Charter Schools	22
Total	<u>238</u>



**Major Universities**

Barry University  
Florida Atlantic University  
Nova Southeastern University  
University of Phoenix

**Licensed Child Care:**

Child Care Facilities	554
Child Care Homes	260
Registered Schools (Excluding public Schools)	95

**Accredited Centers/Schools (Gold Seal)**

Centers (July - Sept 2002)	71
Schools - Pre-K	111

Source: Greater Fort Lauderdale, Florida Yellow Pages  
Broward County Property Appraiser's Office  
[www.broward.org](http://www.broward.org)  
[www.weather.com](http://www.weather.com)  
[www.MyFlorida.com](http://www.MyFlorida.com)  
School Board of Broward County  
Broward County Child Care Licensing and Enforcement  
The Broward Alliance



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the basic financial statements of the Children's Services Council of Broward County as of and for the year ended September 30, 2003, and have issued our report thereon dated January 23, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Children's Services Council of Broward County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Children's Services Council of Broward County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Children's Services Council of Broward County's management in the Management Letter dated January 23, 2004.

This report is intended solely for the information and use of the Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Mawla, Holt + Murray P.A.*

January 23, 2004



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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of the Children's Services Council of Broward County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2003. The Children's Services Council of Broward County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Children's Services Council of Broward County's management. Our responsibility is to express an opinion on the Children's Services Council of Broward County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards 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 Children's Services Council of Broward County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Children's Services Council of Broward County's compliance with those requirements.

In our opinion, the Children's Services Council of Broward County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

Internal Control Over Compliance

The management of the Children's Services Council of Broward County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Children's Services Council of Broward County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Mawla, Holt & Mire, P.A.*

January 23, 2004

**Children's Services Council of Broward County  
Schedule of Findings and Questioned Costs  
September 30, 2003**

**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_yes  X no
  
- Reportable condition identified that is not considered to be a material weakness? \_\_\_\_\_yes  X none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes  X no

**Federal Awards**

Internal control over major programs:

- Material weakness identified? \_\_\_\_\_yes  X no
  
- Reportable condition identified that is not considered to be a material weakness? \_\_\_\_\_yes  X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_yes  X no

**Identification of Major Programs**

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.104	U.S. Department of Health & Human Services <ul style="list-style-type: none"><li>• CMHS Child Mental Health Service Initiative</li></ul>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_yes  X no



**Children's Services Council of Broward County  
Schedule of Findings and Questioned Costs  
September 30, 2003**

**Section II—Financial Statement Findings**

No matters are reported.

**Section III—Federal Award Findings and Questioned Costs**

No matters are reported.

**Children's Services Council of Broward County**  
**Summary Schedule of Prior Audit Findings**  
**September 30, 2003**

**Finding 2002-01**

**93.558 Temporary Assistance for Needy Families (TANF)**

**Criteria:** The Council's monitoring of providers should include significant compliance requirements of any contracts these costs are being reimbursed by.

**Condition:** The Council has policies and procedures in place to perform monitoring of all provider programs. However in reviewing the procedures performed for the summer programs, we noted the monitoring performed did not include verification of TANF eligibility of the participants. The Council was reimbursed by the State of Florida for some of these costs and a requirement of the State's contract was that there be documentation in the participant files that the person met TANF eligibility requirements.

**Recommendation:** We recommend that in the future the Council's monitoring procedures include verification that the TANF forms are properly completed, documenting eligibility under the program. We also recommend that the policies and procedures over monitoring be amended to ensure that all significant contract compliance requirements will be tested.

**Current Status:** This program ended September 30, 2002; however, the Council has adopted the following procedures if the funds are renewed in the future:

- All providers must collect TANF eligibility data at the site of service provision. This eliminates consolidation errors at administrative offices.
- All contracts contain a repayment clause should TANF documentation be insufficient.



