

# Comprehensive Annual Financial Report

*For Fiscal Year Ending  
September 30, 2007*



*"Our focus is our children."*

6301 NW 5th Way, Suite 3000  
Fort Lauderdale, FL 33309  
[www.cscbroward.org](http://www.cscbroward.org)



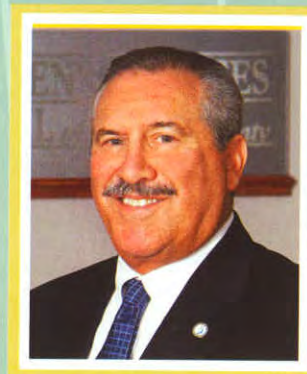
# Council Members



**Commissioner**  
**Suzanne N. Gunzburger**  
Council Chair  
County Commission Member



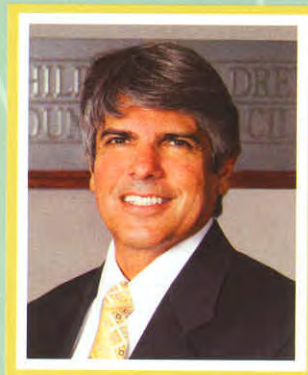
**David L. Roach**  
Vice Chair  
Administrator, Broward  
County Health Dept.



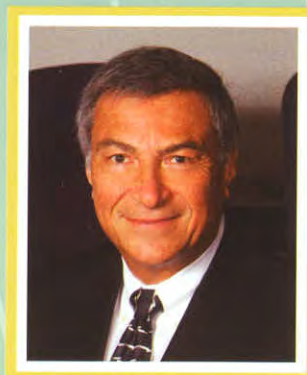
**Jack L. Moss**  
Secretary  
District Administrator,  
Department of Children  
& Families



**Christopher L. Smith**  
Governor Appointee



**Emilio Benitez**  
Governor Appointee



**Judge**  
**Howard M. Zeidwig**  
Judicial Member



**Stephanie Arma Kraft,**  
Esquire  
School Board Member



**Mariza Cobb**  
Governor Appointee



**Terry Santini**  
Governor Appointee



**James F. Notter**  
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, 2007**



**Issued By:**

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

**Prepared By:**

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



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

**Comprehensive Annual Financial Report  
For The Year Ended September 30, 2007**

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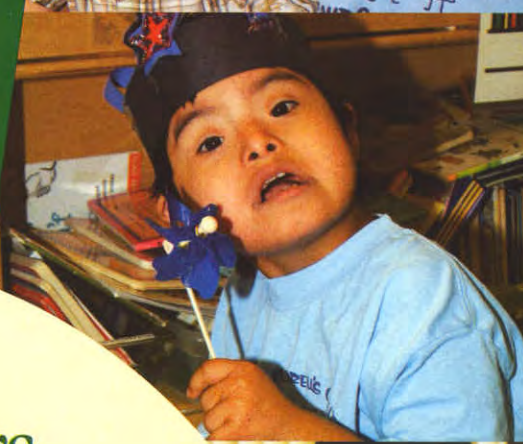
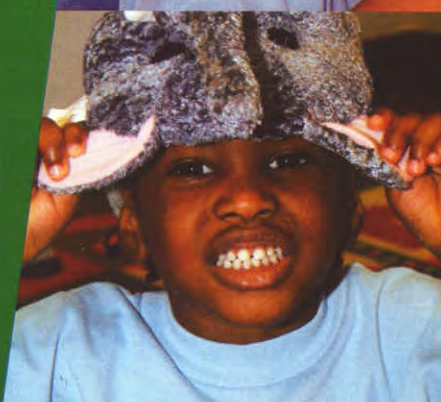
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# Introductory Section



"Our focus is our children."





**CHILDREN'S  
SERVICES  
COUNCIL  
MEMBERS:**

*Commissioner  
Sue N. Gunzburger, Chair  
County Commissioner*

*David L. Roach, Vice Chair  
Broward County Health Dept.  
Administrator*

*Jack L. Moss, Secretary  
DCF District Administrator*

*Emilio Benitez  
Governor Appointee*

*Mariza Cobb  
Governor Appointee*

*Stephanie Arma Kraft, Esq.  
School Board Member*

*James F. Notter  
School Superintendent*

*Terry Santini  
Governor Appointee*

*Christopher L. Smith  
Governor Appointee*

*Ana M. Valladares  
Governor Appointee*

*Judge Howard M. Zeidwig  
Judicial Member*

**STAFF**

*Cindy Arenberg Seltzer  
President/CEO*

**LEGAL COUNSEL**

*John M. Milledge*

*Garry Johnson*

February 6, 2008

Members of the Children's Services Council  
of Broward County  
6301 NW 5<sup>th</sup> Way, Suite 3000  
Fort Lauderdale, Florida 33309

Dear Council Members:

In the spirit of good stewardship, we respectfully submit the Comprehensive Annual Financial Report ("CAFR") of the Children's Services Council of Broward County ("Council") for the fiscal year ended September 30, 2007. 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 is the primary method of reporting the Council's financial activities and satisfies those requirements.

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

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

The Council's financial statements have been audited by Keefe, McCullough & Co., LLP, a firm of licensed certified public accountants selected by the Council Members on August 16, 2007. 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, 2007 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, 2007, 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.

United States 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 auditor.

### **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 2, 2001 by State Statute (Ch 2000-461 Laws of Florida) and amended July, 2004. The first Members of the Council were appointed March 2001 and operations officially began July 2001 with the hiring of the CEO/President and Chief Financial Officer. The July 2004 amendment included, among other things, the addition of the District Health Administrator as one of the positions held by virtue of their position.

The eleven Member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and six (6) members appointed by virtue of the office or position they hold within the community. In March 2007, the new governor reappointed one existing member and appointed four new members for four year terms. Council Members are responsible for setting policies and prioritizing program funding. Each member brings an understanding of the diverse and multi-cultural needs of the Broward community and a firm commitment to improving the welfare of children and their families.

The jurisdiction of the Council is contiguous with Broward County, one of the fastest growing counties in Florida. The mission of the CSC is to provide the leadership, advocacy, and resources necessary to enhance children's lives and empower them to become responsible, productive adults through collaborative planning of a continuum of quality care. To accomplish this task, the statute allows for the Council to levy

taxes up to .5 mills of the assessed property tax value. The Council is not a component unit of any other governmental unit nor does it meet the criteria to include any governmental organization as a component unit.

### ***Operational Leadership***

The CSC is marking the end of its sixth year of operations and has become a leader within the child serving community. Its creed of “leading the way by investing in our children and families” is evidenced everyday through a single focus of providing leadership and services for children and their families. The Council’s goals and objectives are very closely connected to that of the county-wide children’s strategic plan. Hence, the goal setting cycle begins by having a clear vision of the community’s needs. Once the Council’s goals are set, the staff researches the best evidence-based programs to address those needs, procures specific services through the social service network, and assesses the performance of programs to ensure the desired results were obtained. The final step is the calculation of the “return on investment” from a community-wide perspective to ensure that the programs truly make a difference within the community.

With this in mind and by using its convening power and advocacy efforts, the Council co-hosted the Youth Summit in support of the Broward County Children’s Strategic Planning process. Over 600 community members gathered to review progress made over five years and find ways to improve the well being of children and families. The summit produced updated goals and strategies for Broward’s children and paved the way for continued activity. Fifteen active committees dedicated to implementing strategies in key goal areas including: child abuse and neglect, delinquency, school readiness, out of school time, special and behavioral health needs, transitional living, etc. are continuing their work in the future with the support of a Council funded facilitator.

The committees consist of community members, parents, youth, service providers and government officials. The meetings are held in different locations throughout the county and meet regularly to review progress, identify barriers and develop and monitor the implementation of action steps. Every goal of the Plan has strategies, timelines and action steps agreed upon and owned by the participants. Action plans are updated and as new data becomes available will be analyzed annually by the Council. The Broward County Children’s Strategic Plan provides a valuable framework for the community to foster public dialog on trends, benchmarks and develop action plans for years to come.

### ***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, 2007 to review and refine the goals and objectives for the upcoming year. The County-wide Children’s Strategic Plan, extensive research on service gaps, potential community impact and cost effectiveness, as well as public comment provide the basic building blocks used to develop and refine the Council’s upcoming goals and objectives.

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

### ***Risk Management***

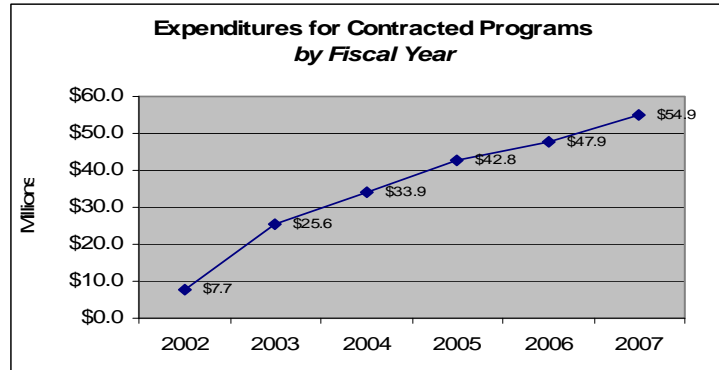
The Council carries insurance policies with varying limits for workers' compensation, commercial insurance and directors and officer's liability. All premium expenditures are reported in the General Fund. The Council participates in a third party health care program for the employees.

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. The 23 miles of beaches coupled with the tropical climate, as well as a flourishing melting pot of cultural diversity (more than 25% of the County's population are foreign born) add to the richness of the area. Broward County is a diverse multi-ethnic community with over 50 percent of residents considered minorities. Changing demographics are evidenced by a 12% increase in children ages birth to 17 from 2000 to 2005. This translates to an increased need for various types of culturally sensitive services for children and their families, a challenge for the Council and local providers to keep pace with ever-growing needs.

CSC has made quite a fiscal impact in the children's services provider community in these past six years. Expenditures for various children's services within the community have increased substantially in the past six years as shown below. This trend will continue as CSC has budgeted \$62.1 million for contracted programs in the upcoming fiscal year. In addition to the community benefit of improving the quality of life of Broward's children and families, these programs provide an economic gain to the community by providing over 3,000 full time equivalent positions.



Broward County has been very fortunate and has not suffered a direct impact from a hurricane in the past two years although the effects of the previous years of bad hurricanes on the economy are still being felt through higher property insurance. The County's tourism rate continues to reflect a strong and vibrant presence of visitors to our community as confirmed by a record breaking 10.5 million visitors, a 5% increase, during the year. Total tourist tax revenues were up 9.1% and hotel occupancy climbed to 78.8 percent in fiscal year 2006, even as the average daily rate increased 15.9% from the prior year. Additionally, the local airport continues to undergo a major expansion project. As of 2006, the Ft. Lauderdale-Hollywood International Airport was ranked 23<sup>rd</sup> busiest in the United States and 56<sup>th</sup> busiest in the world. Port Everglades continues to expand in both cargo and cruise activity. Cruise travel infuses more than \$2.9 billion annually and provides more than 30,000 jobs through cruise travel and international trade activity.

Broward County's housing market reflects similar trends as seen throughout the country with decreasing sales of homes and condominiums. An additional dilemma affecting the local housing market is the rise of foreclosures, and in fact the Fort Lauderdale/Miami region was among the top ten large metropolitan areas with high foreclosure rates. There is a wide difference in values between the housing market and the condominium market. While fewer existing homes are selling, the prices of homes actually rose slightly, 1.3% from October 2006 to October 2007. Conversely, the median price of condominiums fell 24.2%.

This trend of increased property values in both the residential and commercial markets has driven up the property tax rolls which are up by 12.57% --the fifth year in a row of double-digit increases. Since CSC's funding is generated by property taxes, this increase in property values allowed the Council to reduce its millage rate by 3.73% to .4073 mills even while expanding programs and services for Broward's needy children and families. However at the State level, there is concern about continued double digit property value increases and the affect on the property owner. Thus, the Florida Legislature passed laws that required all governments to reduce their millage rate to the prior year roll-back rate plus a 3% reduction for fiscal year 2007-08 as a first step. Additionally, on January 29, 2008 the voters passed an amendment doubling the \$25,000 homestead exemption, except for school districts, and the legislature is discussing additional property tax cuts at the local level which could impact the Council's future revenue collections.

In conclusion, economic forecasts for the near-term in Broward County are mixed. While higher inflation and unemployment rates coupled with weakness in the housing market create some level of instability, the increase of tourism and convention activity help balance the area's overall economic vitality. Over the long-term considering Broward County's most treasured assets – sun and sand, this area remains a stable and viable economic base and provides a good place to live and raise a family.

### ***Major Initiatives***

The Council had a very busy and productive sixth year and is looking forward to building upon those successes to promote further gains for Broward's children and families. Some significant sixth year programmatic initiatives include:

- ◆ \$6.3 million of Council funding leveraged approximately \$1,424,648 in additional federal/state dollars to provide child care for 700 children each month. The total funding provided over 1,800 children of the “working poor”, historically an underserved population with the opportunity for placements in subsidized child care.
- ◆ Responded to community requests by continuing to provide quality Summer and After School programs for economically disadvantaged children and for children with physical, developmental or behavioral disabilities. Nearly 9,000 children participated in Summer programs which incorporated reading, mathematics, physical fitness and nutrition education components as part of the curriculum, as well as cultural arts experiences. Outcome data and satisfaction surveys indicate that the children flourished in these programs and made notable gains in the targeted areas.
- ◆ Expanded the Summer Youth Employment initiative so that 700 teens, a 27% increase from the prior year, were given an opportunity to build job skills. Feedback from both the participating youth and employers was overwhelmingly positive.
- ◆ Expanded the S.T.E.P.S. program (“Supported Training Employment Program”) in its second year to provide youth with special needs the opportunity to work. The successful program employed 62 teens at 22 worksites to work 30 hours per week under the direct supervision of a trained, on-site job coach. This program was exceptionally well-received within the community.
- ◆ The Council continued its progress for creating a seamless system of care for the special needs community. The Special Needs Advisory Committee (“SNAC”) continues to create coalitions and workgroups to improve communication and access to services as identified in the Broward County Children's Strategic Plan. The SNAC is essential to ensure needed services for this population to grow in Broward County.
- ◆ For the fifth year, the Council partnered with the Internal Revenue Service and local human service providers to aggressively promote the Earned Income Tax Credit (“EITC”) program for working families. Since inception of the campaign, an additional \$70+ million went directly into the pockets of



eligible Broward County citizens. For fiscal year 2007, the Council spent \$172,300 to promote EITC and, while final county-wide IRS figures for tax year 2006 are not yet available, we do know that at least \$6.9 million was generated from tax returns prepared at CSC designated Volunteer Income Tax Assistance (“VITA”) sites, an increase of 11.3 percent from the prior year.

- ◆ Worked collaboratively at the state and national level to advocate on behalf of youth aging out of the foster care system. Increased funding for these programs paved the way for new and creative relationships with new partners. For example, the Jim Moran Foundation will match the Council’s \$1 million commitment with an additional \$250,000 starting in fiscal year 2007-2008, which will reoccur annually through FY 2009-2010.
- ◆ Increased the contribution by \$50,000 for a total of \$150,000 to the Sun-Sentinel’s Children’s Fund Campaign, wherein all funds raised are matched 1:2 by the McCormick Foundation. The Back to School campaign distributed over \$613,000 to more than 100,000 low income children for back-to-school clothing, backpacks, and supplies.
- ◆ Facilitated a community-wide literacy project as identified in the Broward County Children’s Strategic Plan. Working with local partners, the Council funded a community-wide needs assessment and action plan which will lay the ground work for future initiatives to promote improvement to the Early Care and Education System throughout the County.
- ◆ The Council leads an Agency Capacity Building Committee of key community funders and service providers in an open dialog on concerns and issues related to funding and building capacity for emerging, niche, and community-based organizations serving children and their families.
- ◆ The Substance Abuse and Mental Health Services Administration (“SAMHSA”) grant, along with the County and the School Board of Broward County is taking a leadership role in improving the Cultural of the service delivery system.
- ◆ The Council continues to lead the community in tackling system changes to break down funding barriers while maintaining high standards of accountability and building the capacity of agencies to deliver services. The Council strives to provide leadership, trust, collaboration, and accountability in each of its initiatives in an effort to improve programs and ultimately children’s lives.

The Council’s budget for fiscal year 2007-2008 is \$70 million; the slight increase is due to \$2.7 million budget carry forward from the prior fiscal year and \$4.3 million of fund balance. Using this \$7 million of existing funds allowed the Council to offset the reduction in millage rate as required by the new legislation without reducing the overall budget for services. The Council continues to be very cognizant of limited resources and works diligently to serve the children and families in the most efficient and effective manner.

As an example of maximizing efficiencies, the Council continues to improve its ability to systematically track contractual data, performance-based outcomes and the community impact of funded programs. A web-enabled database maintains provider demographic data and accounts for the reimbursement of expenditures by unit of service. CSC is working with state and local agencies on data sharing to enable compilation and analysis of performance outcome data. This comprehensive approach allows the Council to evaluate programs and services to ensure effective utilization of Council funding. While national literature on Return on Investment for social services is an emerging area of research, the Council, along with our colleagues across the State are on the cutting edge of pushing that research.

Since its inception six years ago, the Council adopted the Sterling management philosophy and has excelled in creating a dynamic and effective infrastructure. In keeping with best practices, management is implementing a Balanced Scorecard approach to aligning business practices.

### ***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, 2006. This was the fifth consecutive year that the Council was eligible to receive this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

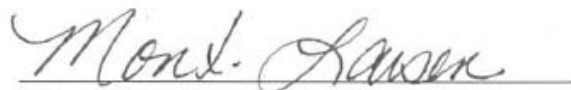
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report will meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ***Acknowledgments***

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

Respectfully Submitted,

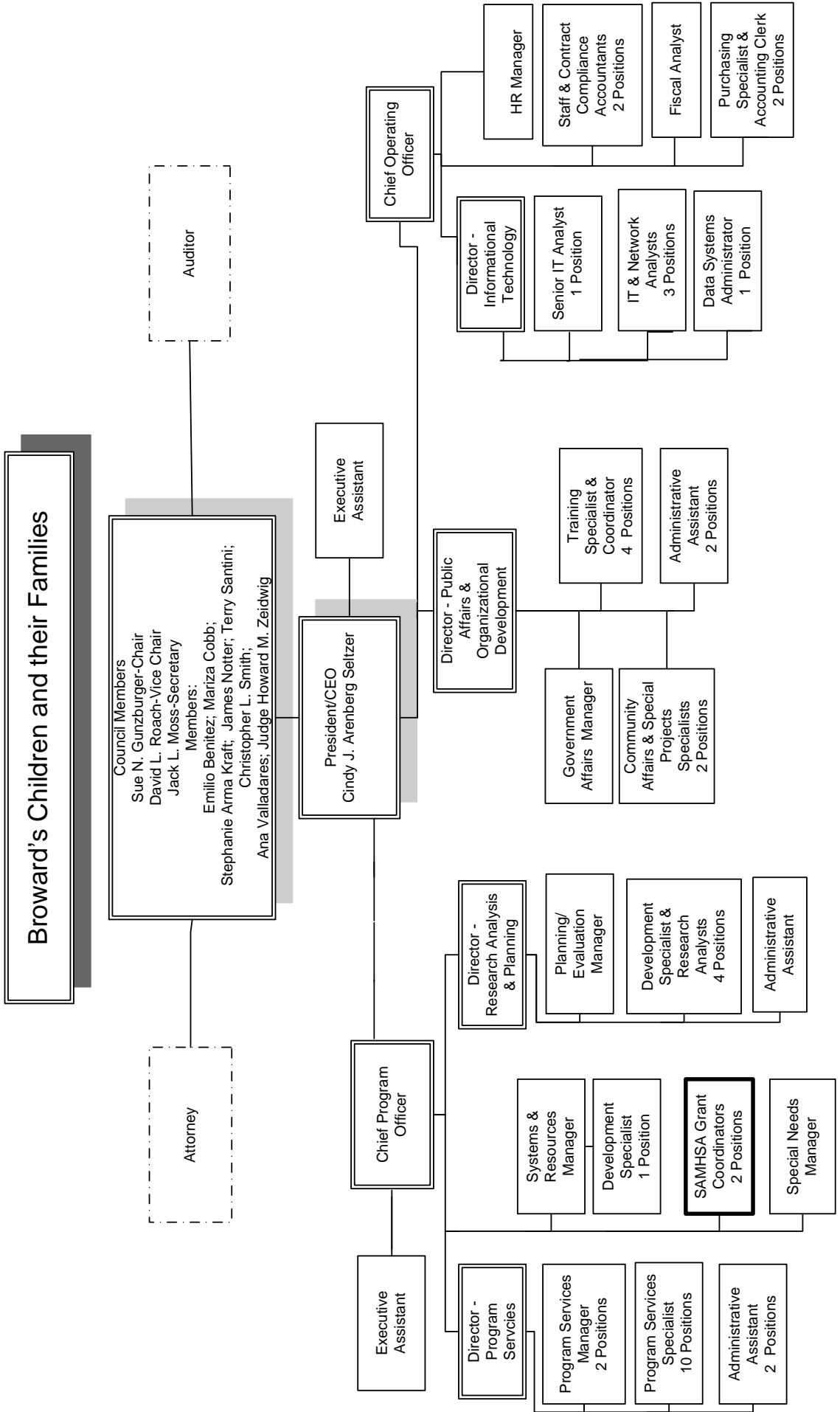
  
Cindy J. Arenberg Seltzer,  
President/CEO

  
Monti Larsen,  
Chief Operating Officer

# Children's Services Council of Broward County

## Organizational Chart and List of Principal Officials

### Fiscal Year 2006-2007





# 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, 2006

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.



*Clare S. Cox*

President

*Jeffrey R. Emer*

Executive Director



# Financial Section



"Our focus is our children."







JOHN R. KEEFE, C.P.A.  
STEVEN H. WOODS, C.P.A.  
DAVID T. WILLIAMS, C.P.A.  
JOSEPH D. LEO, C.P.A.  
WILLIAM G. BENSON, C.P.A.  
KENNETH G. SMITH, C.P.A.

LOUIS R. PROIETTO, C.P.A.  
CYNTHIA L. CALVERT, C.P.A.  
JOHN E. McCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A. (RETIRED)  
PAUL B. SNEIDER, C.P.A. (RETIRED)  
BRIAN D. PINNELL, C.P.A. (RETIRED)

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CHARLES K. RUMPF, C.P.A.  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Children's Services Council of Broward County (the "Council"), as of and for the year ended September 30, 2007, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Children's Services Council of Broward County as of September 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2008, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Children's Services Council of Broward County

The management's discussion and analysis and the budgetary comparison information on pages 3 through 17 and pages 42 through 45 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Children's Services Council of Broward County's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
February 21, 2008

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

## **Management's Discussion and Analysis September 30, 2007**

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, 2007. Please read it in conjunction with the transmittal letter on page i and the Council's financial statements, which begin on page 19.

### **FINANCIAL HIGHLIGHTS**

Fiscal year ending September 30, 2007 concludes the sixth year of operations and this report highlights how the Council leads the way by investing in programs and services for children and families from a community-wide perspective. Over 200 programs are delivered by over 85 community organizations who share the Council's mission/vision and commitment to children and excellence.

While net assets increased from the prior year, it is expected that this cumulative amount will be expended in subsequent years as property values stabilize or decline and property tax reform legislation enacted for next fiscal year realizes its full effect. The following illustrates some of the Council's financial highlights:

- ◆ Levied taxes through the TRIM process. The millage rate decreased 3.73% from the prior year to .4073 mills from .4231 mills, and provided tax revenue of \$61.5 million. While the millage rate decreased, the increase in property values generated \$7.9 million additional tax revenue which allowed for the continuation of services to children and families.
- ◆ The assets of the Council exceeded its liabilities at the close of the current fiscal year by \$26.2 million (net assets). Of this amount, \$26 million (unrestricted net assets) may be used to meet the Council's ongoing obligations to Broward's children and their families.
- ◆ Total cost of the Council's contracted services increased 14.6% from \$50.5 million the prior year to \$57.8 million this fiscal year. Over half of the increase is from expansion of services for out-of-school programs including summer. Examples of the Council's response to the community's need for expanded services include the following:
  - After-school programs continued to expand, increasing an additional 11.7%, over and above the 21.2% increase from the prior year. Budget for these programs grew from \$9.7 to \$11.8 to \$12.8 million in fiscal years 2005, 2006 and 2007,

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

## **Management's Discussion and Analysis September 30, 2007**

respectively. Services were provided in over 100 locations throughout the County, serving approximately 10,000 children this past year. Two-thirds of those children demonstrated academic improvements in the areas of reading and math.

- Summer programs also grew, expending over \$12.7 million this fiscal year, an increase of 19.8% over the prior year. Nearly 9,000 youth participated in the activities in more than 100 locations countywide. Summer programs included a youth employment component providing nearly 700 economically disadvantaged teens the opportunity to gain knowledge of the work environment and skills to succeed. Additionally, an innovative "sister" program geared towards providing youth with special needs the same opportunity to work at various governmental and not-for-profit agencies supported by on-site "job coaches" successfully placed 62 teens at 22 worksites. For many of these special needs youth, it was the first time they had experienced the "workplace world".
- Increased services for youth aging out of the foster care system and transitioning into adulthood by 80.7% from \$524,000 to \$947,000. Leading the way by investing in transitional living has been quite successful as demonstrated by: 93% of the 350 youth served stayed in school and either graduated or obtained their GED, 98% postponed parenthood and two-thirds of the youth demonstrated increased self esteem and peer/adult interactions. The successful outcomes of these high risk youth is even more astounding when juxtaposed with the national statistics for youth in this population, where only 50% reach graduation and the rate of teen pregnancy by age 19 is almost 50%.
- Expanded delinquency diversion programs titled New Delinquency Alternatives for Youth or "New DAY" by 25% from \$1.6 million to over \$2 million. These programs have served over 3,250 youth diverted from the juvenile justice system. Over 85% of all youth referred successfully complete all diversion requirements which typically include community service, apology letters and/or restitution to victims, counseling to give youth a second chance, curfews, etc. Of those youth,

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

## **Management's Discussion and Analysis September 30, 2007**

96% have stayed out of trouble with the law for at least six months after program completion.

- Expanded various other programs \$1.7 million, including: Kinship programs to provide advocacy and support for families providing relative care for children with dysfunctional home environments; SAFE, a program for court involved families requiring supervised visitation services; literacy programs; school health services; outreach services to expand participation in the Kid Care insurance program; and maternal and child health programs.
- Co-sponsored a Youth Summit conference where over 600 community members gathered to review progress over the last five years in areas affecting Broward County's children and find ways to improve the well-being of children. The Youth Summit produced updated goals and strategies for the county-wide Children's Strategic Plan and created on-going action committees dedicated to implementing strategies in key goal areas. The Council leads the way by chairing the Steering Committee, maintaining the Plan and funding a consultant to facilitate the community meetings.

### **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 19 and 21) 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 22. 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 27 – 40) provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements, and is required by the United States Generally Accepted Accounting Principles ("GAAP"). This report also contains other supplementary information in addition to the basic financial statements starting on page 42.

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

## **Management's Discussion and Analysis September 30, 2007**

### **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. You will; however, need to consider that the Council is only in its sixth year of operations and just now has the data trends to be able to gauge business cycles and financial health.

It is anticipated that net assets will decrease over the next few years as the Council complies with recently enacted legislation requiring a mandatory millage rate reduction for fiscal year 2007-2008 and begins to feel the impact of the real estate slowdown. The Council is responding very conservatively and will continue to maximize the services for Broward's children while maintaining a high level of accountability to the

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

## **Management's Discussion and Analysis September 30, 2007**

taxpayer. 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 an anticipated expending of the accumulation from the initial operations of the organization.

In the Statement of Activities, the Council's expenses are presented in two primary categories: 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.

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

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

## **Management's Discussion and Analysis September 30, 2007**

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 funded through Broward County 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 42 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 27 to 40 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 pages 42 to 45 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Council's sixth year of generating tax revenue, assets exceeded liabilities by \$26 million at the close of the fiscal year.

As the Council must reduce its millage rate to meet mandatory requirements, the sizeable amount of net assets is expected to decrease in subsequent years. Thus, a reduction of net assets in subsequent years is planned and would not be an indication of the Council's deteriorating financial condition.



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

## **Management's Discussion and Analysis September 30, 2007**

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

	<u><b>FY 2007</b></u>	<u><b>FY 2006</b></u>
Current and Other Assets	\$ 32,452,052	\$ 27,722,870
Capital Assets	307,042	339,718
Total Assets	<u>32,759,094</u>	<u>28,062,588</u>
Current and Other Liabilities	6,204,305	4,632,195
Long-Term Liabilities	304,007	291,117
Total Liabilities	<u>6,508,312</u>	<u>4,923,312</u>
Net Assets:		
Invested in Capital Assets	307,042	339,718
Unrestricted	25,943,740	22,799,558
Total Net Assets	<u>\$ 26,250,782</u>	<u>\$ 23,139,276</u>

- ◆ The change in Current and Other Assets from FY 2006 to FY 2007 was an increase of \$4.7 million due to higher investment balances. The increase in Total Net Assets of \$3 million is due to higher than expected interest earnings, as well as several programmatic initiatives totaling \$2.5 million that began in the current fiscal year that will be carried forward into the subsequent fiscal year. The unrestricted net assets are committed to on-going contracts in the upcoming fiscal year.
- ◆ Invested in capital assets decreased \$32,676 from the prior year. The decrease is due to timing as several large capital assets were purchased last fiscal year and are within their life cycle. Of the new capital assets purchased in the current fiscal year, 78% or \$87,417 are for program related capital items used at direct service provider locations. The remaining \$24,579 or 22% are for administrative purposes for replacement of computer equipment. Depreciation expense totaled \$144,672 and finally, there are \$23,575 fully depreciated provider related capital assets that were transferred to the appropriate programs.
- ◆ The current and other liabilities category is comprised primarily of accounts payable, which increased \$1.6 million due to the timing of provider invoices for September services. The long-term liabilities category reflects the estimated amount for compensated absences that may be paid in the future. The \$12,890 increase is a result of higher accrual balances.

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

## **Management's Discussion and Analysis September 30, 2007**

- ◆ With respect to debt, the Council is prohibited, per Florida State Statute, from issuing any type of debt instrument including the issuance of bonds of any nature.

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

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

	<b>FY 2007</b>	<b>FY 2006</b>
Revenues:		
Property Taxes	\$ 61,533,409	\$ 53,589,647
Investment Earnings	2,672,542	2,119,135
Other	649,278	698,363
Total Revenues	<u>64,855,229</u>	<u>56,407,145</u>
Expenses:		
Contracted Programs	57,844,694	50,494,091
General Administration	2,305,758	2,089,223
Community Redevelopment and Tax Collector Fees	1,593,271	845,973
Total Expenses	<u>61,743,723</u>	<u>53,429,287</u>
Increase in Net Assets	3,111,506	2,977,858
Net Assets - Beginning of Year	<u>23,139,276</u>	<u>20,161,418</u>
Net Assets - End of Year	<u>\$ 26,250,782</u>	<u>\$ 23,139,276</u>

- ◆ **Property taxes** are the Council's primary source of revenue. For fiscal year 2007, property taxes totaled \$61.5 million. While the Council is authorized to levy up to .5 mills, for fiscal year 2006-2007 the property tax levy decreased 3.73% to .4073 mills from .4231 mills. While the millage rate decreased, the increase in property values netted the Council an additional \$7.9 million in property taxes to expand services to meet the identified needs for Broward County's children and their families.
- ◆ **Investment earnings** totaled \$2.7 million in fiscal year 2007, which is a significant increase from the prior year due to higher interest rates, as well as a higher investment balance. The Council earned most of the interest revenues by placing idle cash with the Florida Local Government Funds Surplus Trust Fund, in accordance with the Council's investment policy.

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

## **Management's Discussion and Analysis September 30, 2007**

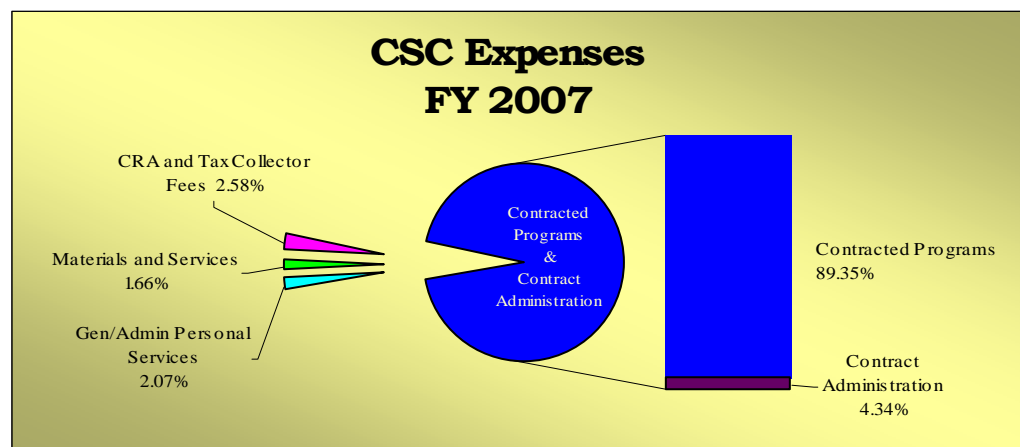
- ◆ **Other revenue** for the current year equals \$649,278 and includes grant revenue, training registration and miscellaneous revenue. The SAMHSA grant represents 52.8% or \$342,861 of other revenue. The remaining amount categorized as other revenue consists of \$223,277 reimbursement from the Federal Title IV-E Foster Care Program through an agreement with State of Florida Department of Children and Families; \$61,713 came from contributions and other funding agencies to co-host the Youth Summit Conference; and \$21,427 miscellaneous revenues primarily generated through various training registration fees.
- ◆ **Expenses for Contracted Programs** and related administration totaled \$57.8 million in fiscal year 2007, a 14.6% increase or \$7.4 million from fiscal year 2006. This increase represents the Council's sixth full year of operations and continued growth in programs and services for children and their families throughout the County. While the number of provider contracts increased only slightly from the previous year, many of the programs expanded the number of children and families served. The continued expansion of programs, as well as a focus on analyzing and reporting community outcomes created the need to add three new positions: two analyst positions to evaluate the results and outcomes of the various programs and a receptionist to improve customer service. As the graph on the following page illustrates, 93.69% of total expenses support various programs and services for children and their families of Broward County. Of this amount, 89.35% are directly contracted to local service providers.
- ◆ **Expenses for General Administration** totaled \$2.3 million in fiscal year 2007, an increase of \$216,535 from fiscal year 2006. Moreover, general administrative costs only represent 3.73% of the overall expenses, which demonstrates the Council's fiscal prudence, a very resourceful staff and comprehensive data collection systems. The Council's focus continues to be expanding programs and services throughout the community with minimal administration costs. The Community Redevelopment and Tax Collector fees, discussed in the following paragraph, make up the remaining 2.58% of the administrative expense.
- ◆ **Community Redevelopment and Tax Collector fees** for fiscal year 2007 increased significantly by 88.3% or \$747,298 for a total of \$1,593,271. The Tax Collector fees are based on the operating budget of the Property Appraisers Office and are allocated among the taxing districts. The Community Redevelopment Agency (CRA) tax increment fees are tied to the increased incremental property tax values in specific areas, as well as the

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

## **Management's Discussion and Analysis September 30, 2007**

Council's established millage rate. This year's significant increase is due to increased property values within several prominent beach CRA districts. Conversely, in those districts wherein the Council and the CRA have formed a partnership, over \$1.1 million or a 41.2% increase in programs and services were provided in lieu of fees. This is the result of successful collaborations between the Council and many of the CRA Districts to use these fees in the form of programs and services for children in these targeted communities. Additionally, the Council is continuing negotiations with the few remaining CRA's in an ongoing effort to dedicate this funding for children's services in those respective areas.

The illustration below depicts the total CSC expenses, by percentage, for fiscal year ended September 30, 2007.



Our analysis below separately considers the operations of governmental activities.

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

As the Council completed its sixth year of operations, the governmental funds (as presented in the balance sheet on page 22) reported a total fund balance of \$26 million. Included in the fund balance is \$120,402 reserved for Prepaid Expenditures and \$8 million reserved for a Building Fund. The term "reserve" should only be used to identify that portion of fund balance segregated for future purposes or not available to finance expenditures of subsequent years.

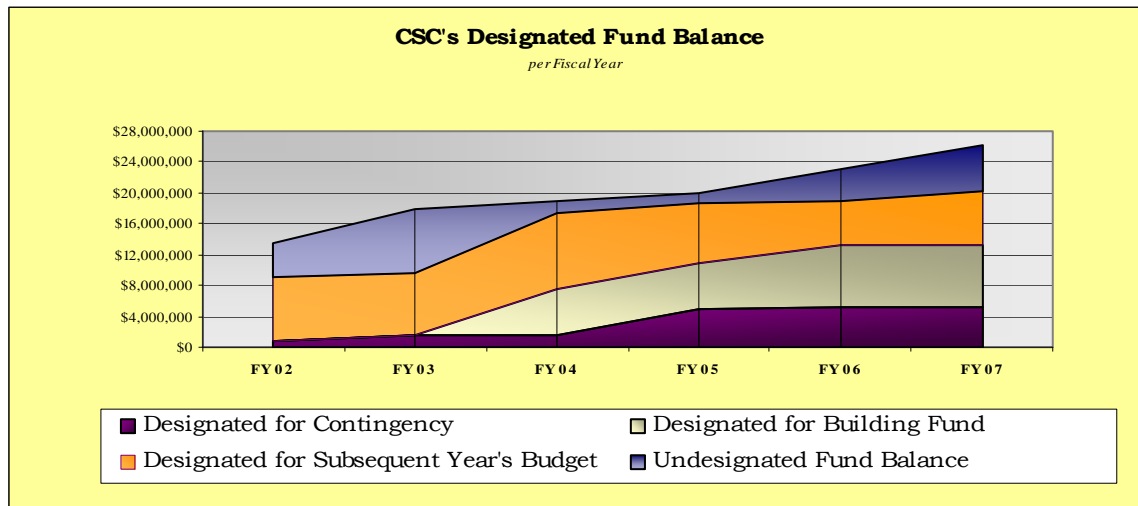
- ◆ **Designated fund balance** amounts are not the same as reservations of fund balance as they represent planned actions, not an actual commitment.

# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

## Management's Discussion and Analysis September 30, 2007

Accordingly, \$7 million is designated for the subsequent year's budget; thereby, effectively reducing the necessary millage rate for fiscal year 2007-2008. An additional designation of fund balance includes \$5.6 million for Contingency that the Council may appropriate as deemed necessary. This leaves a remaining undesignated fund balance of \$5.6 million.

The illustration below depicts fund balance designations for each fiscal year:



- ◆ **Budget amendments** are prepared over the course of the year allocating appropriations from one line item to another to prevent budget overruns. Actual charges (expenditures) to appropriations (budget) were \$7.3 million below the final budget amounts.
- ◆ **Budget variances** - The most significant positive variance (\$6.4 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 42-43. This variance is due to several factors related to programs and services. To illustrate:
  - The Council released four separate Requests for Proposals (“RFP”) throughout the fiscal year; all of which 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 implementing services to the community as quickly as possible. Therefore, the total annualized budget committed to a specific service category may not be fully utilized in the year

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

## **Management's Discussion and Analysis September 30, 2007**

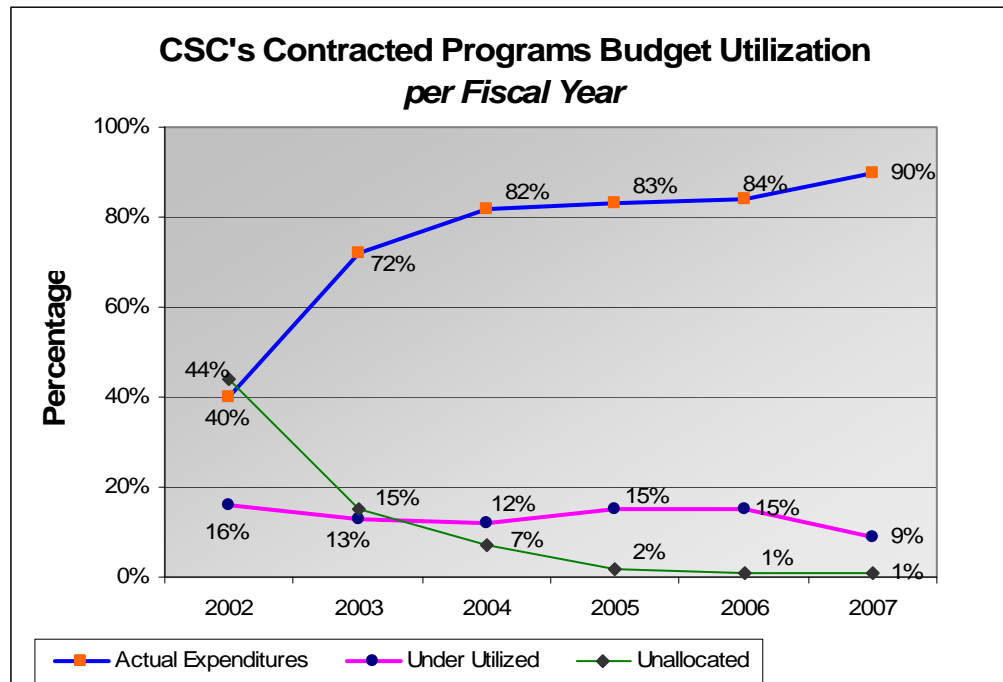
allocated. This budget variance that will be carried forward into the subsequent fiscal year totaled \$2.5 million.

- For most contracts, the Council requires that service provider's invoice be based on "units of service", not reimbursement of expenses. Consequently, if a provider does not provide all of the services that were anticipated, the contract is under-utilized. This method of invoicing allows the Council to only pay for services actually provided. The Council monitors utilization throughout the year and continues to work closely with those providers to help them provide the services and, therefore, utilize the available funds. The budget variance affected by under-utilization of the contracts totaled \$2.9 million.
- The budget for FY 07 included approximately \$983,000 that was not allocated to any specific program but may be appropriated in the subsequent fiscal year. Of these unallocated funds was a \$400,000 initiative to fund and lead the literacy strategic plan. This plan focuses on strengthening the quality of early child-care providers. However, during the course of researching and writing the RFP, it was determined that additional data gathering and county-wide collaboration was required to ensure a comprehensive solution. Thus, the RFP will be issued in the fiscal year 2007-08.
- Monitoring contracted programs, both programmatically and administratively/financially, reflects a variance in the amount of \$81,425. This variance was due to over-estimating the cost of conducting reviews for the contracted programs. The actual monitoring is conducted using a dual approach with service experts reviewing the functional area aligned with their expertise. For example, Council staff with advanced degrees, off-duty teachers and doctoral students conducts programmatic monitoring. A cadre of local accounting firms conducts the administrative/financial monitoring for all CSC funded programs. This methodology has been very successful; providing useful information which is used to improve program design, as well as to inform the training and technical assistance offered to the providers.
- The variance in salaries and benefits for Contract Administration was due to lapse for positions not being filled during the year.

# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

## Management's Discussion and Analysis September 30, 2007

The graph below depicts the utilization trends for Contracted Programs by detailing actual expenditures, under-utilization and unallocated funds for each fiscal year.



Alternatively, resources available for appropriation (revenues) were \$1.7 million above the final budgeted amount. This positive variance was a result of higher than expected interest earnings and unanticipated revenue generated through the Title IV(e) Federal Foster Care Reimbursement Program.

### OTHER ASSETS and OTHER OBLIGATIONS

At the end of fiscal year 2007, the Council had \$307,042 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 Notes 2 and 7 of the Notes to the Financial Statements.

As presented in Note 12 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.

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

## **Management's Discussion and Analysis September 30, 2007**

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

The Council Members considered many factors when setting the fiscal-year 2007 budget and tax rates. Council Members continue to be very cautious in setting the tax rate, weighing their desire to meet the expanding need for services against the service provider capacity to deliver quality services. The Council is also mindful of the present fund balance, the .5 mill maximum tax levy and pressures in the local economy related to escalating property taxes and insurance rates.

A snapshot of the local economy presents a complex picture of mixed economic indicators that mirror the state and country. The housing downturn has had a wide reaching impact within the local economy. This weakness in the housing market and stricter underwriting for mortgage loans is expected to slow the economic activity for the last quarter of calendar year 2007 and extend into 2008. While foreclosure rates continue to rise across the country, the Fort Lauderdale/Miami region was among the areas in the top ten of foreclosure rates – one foreclosure filing for every 48 households.

Unemployment in the greater Fort Lauderdale/Miami region as of September 2007 has begun to trend upward to 4.2 percent versus 3.8 percent a year ago and 4.0 percent in September 2005. The local unemployment data is slightly higher than the State's unemployment rate of 4.0 percent and notably lower than the national rate of 4.7 percent as of September 2007.

Inflation in the greater Fort Lauderdale/Miami region continues to be higher than the national Consumer Price Index (CPI) increase. The region's CPI was 3.6 percent for the first half of the 2007 calendar year compared with the average U.S. city rate of 2.5 percent for the same period. Inflation is higher in this region due in part to the aftermath of past hurricanes, the rapid rise in property values, the high cost of property insurance, gas, freight on goods and services, etc. To address the issue of higher property taxes, the Florida legislature passed laws that required all governments to reduce their millage rate to the prior year roll-back rate plus a 3% reduction for fiscal year 2007-08. Hence, the Council lost a degree of flexibility in developing the budget even though it has not yet reached the maximum millage rate of .5 mills. However, the Council continues to research and analyze the needs of Broward's children and their families and set the budget accordingly.

At present, Council goals and objectives are shaped using the County-wide Children's Strategic Plan, input from the community and staff. The budget is then developed around those identified service and system needs. Additionally,



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

**Management's Discussion and Analysis  
September 30, 2007**

the Council members voted to appropriate \$7 million of fund balance in the subsequent fiscal year. This carry forward, as well as increased property values, allowed the Council members to reduce the millage rate to .3572 mills for the upcoming 2007-2008 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report has been designed to provide Broward County's citizens, taxpayers and providers with a general overview of CSC's finances and to show CSC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Operating Officer at 6301 NW 5<sup>th</sup> Way, Suite 3000, Ft. Lauderdale, Florida 33309 or visit the Council's website at: [www.cscbroward.org](http://www.cscbroward.org).



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Net Assets**  
**September 30, 2007**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 2,522,580
Investments	29,553,673
Taxes Receivable	53,475
Accounts and Interest Receivable	35,742
Due from Other Governments	166,180
Prepaid Expenses	120,402
Total Current Assets	32,452,052
Other Assets:	
Capital Assets, Net of Accumulated Depreciation:	
Computer Hardware/Software	253,819
Equipment	53,223
Total Capital Assets, Net	307,042
Total Assets	32,759,094
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	6,133,320
Salaries and Fringe Benefits Payable	37,805
Unearned Revenue	430
Compensated Absences:	
Expected to be paid within one year	32,750
Total Current Liabilities	6,204,305
Noncurrent Liabilities:	
Compensated Absences:	
Expected to be paid after one year	304,007
Total Liabilities	6,508,312
<b>NET ASSETS</b>	
Invested in Capital Assets	307,042
Unrestricted	25,943,740
Total Net Assets	\$ 26,250,782

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



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Activities**  
**For the Year Ended September 30, 2007**

	<b>Governmental Activities</b>
<b>Expenses:</b>	
Contracted Programs:	
Contract/Direct Services	\$ 55,166,003
Contract Administration	2,678,691
	57,844,694
General Administration:	
Personal Services	1,283,242
Materials and Services	1,022,516
Community Redevelopment and Tax Collector Fees	1,593,271
	3,899,029
<b>Total General Administration</b>	<b>3,899,029</b>
<b>Total Expenses</b>	<b>61,743,723</b>
<b>Program Revenue:</b>	
Grant Funding, Restricted	342,861
	342,861
Net Program Expense	61,400,862
<b>General Revenues:</b>	
Property Taxes	61,533,409
Investment Earnings	2,672,542
Grant Funding, Unrestricted	223,277
Miscellaneous Local	83,140
	64,512,368
Total General Revenues	64,512,368
Change in Net Assets	3,111,506
Net Assets - Beginning of the Year	23,139,276
	\$ 26,250,782

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, 2007**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 2,516,230	\$ 6,350	\$ 2,522,580
Investments	29,553,673	-	29,553,673
Taxes Receivable	53,475	-	53,475
Accounts and Interest Receivable	35,742	-	35,742
Due from Other Governments	16,306	149,874	166,180
Due from Other Fund	134,353	-	134,353
Prepaid Expenditures	120,402	-	120,402
Total Assets	\$ 32,430,181	\$ 156,224	\$ 32,586,405
<b>LIABILITIES and FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 6,111,449	\$ 21,871	\$ 6,133,320
Salaries and Fringe Benefits Payable	37,805	-	37,805
Due to Other Fund	-	134,353	134,353
Deferred Revenue	430	-	430
Total Liabilities	6,149,684	156,224	6,305,908
Fund Balance:			
Reserved for:			
Reserved for Prepaid Expenditures	120,402	-	120,402
Reserved for Building Fund	8,000,000	-	8,000,000
Unreserved/Designated for:			
Designated for Contingency	5,602,551	-	5,602,551
Designated for Subsequent Year's Budget	6,998,316	-	6,998,316
Undesignated Fund Balance	5,559,228	-	5,559,228
Total Fund Balance	26,280,497	-	26,280,497
Total Liabilities and Fund Balance	\$ 32,430,181	\$ 156,224	\$ 32,586,405

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, 2007**

Fund Balances - Total Governmental Funds (page 22) \$ 26,280,497

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	\$ 1,133,184	
Less accumulated depreciation	<u>(826,142)</u>	307,042

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

Total compensated absences		(336,757)
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Net Assets of Governmental Activities (page 19)		<u><u>\$ 26,250,782</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, 2007**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 61,533,409	\$ -	\$ 61,533,409
Interest on Investments	2,672,542	-	2,672,542
Grant Funding	223,277	342,861	566,138
Miscellaneous Local	83,140	-	83,140
Total Revenue	<u>64,512,368</u>	<u>342,861</u>	<u>64,855,229</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Contracted Programs:</b>			
Contract/Direct Services	54,655,428	200,000	54,855,428
Monitoring/Outcome Materials	310,575	-	310,575
Total Contracted Programs	<u>54,966,003</u>	<u>200,000</u>	<u>55,166,003</u>
<b>Contract Administration:</b>			
Employee Salaries and Benefits	2,465,996	120,766	2,586,762
Material and Supplies	13,238	5,550	18,788
Printing and Advertising	5,653	6,457	12,110
Telecommunications	924	332	1,256
Travel and Other Expenditures	47,884	9,628	57,512
Total Contract Administration	<u>2,533,695</u>	<u>142,733</u>	<u>2,676,428</u>
<b>General Administration:</b>			
Employee Salaries and Benefits	1,277,993	-	1,277,993
Legal Fees	37,691	-	37,691
Auditors and Other Consultants	58,954	-	58,954
Materials and Supplies	35,458	-	35,458
Printing and Advertising	12,419	-	12,419
Other General Administration	503,085	-	503,085
Telecommunications	38,356	-	38,356
Travel and Other Expenditures	166,607	-	166,607
Tax Collection Fees	355,634	-	355,634
Community Redevelopment Area Fees	1,237,637	-	1,237,637
Total General Administration	<u>3,723,834</u>	<u>-</u>	<u>3,723,834</u>



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Statement of Revenues, Expenditures and**  
**Changes In Fund Balance - Government Funds**  
**For the Year Ended September 30, 2007, (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Capital Outlay:</b>			
Computer Hardware/Software	121,540	128	121,668
Furniture/ Equipment	8,279	-	8,279
Remodeling/Renovations	631	-	631
Total Capital Outlay	<u>130,450</u>	<u>128</u>	<u>130,578</u>
<b>Total Expenditures</b>	<u>61,353,982</u>	<u>342,861</u>	<u>61,696,843</u>
<b>Net Change in Fund Balance</b>	3,158,386	-	3,158,386
<b>Beginning Fund Balance</b>	<u>23,122,111</u>	<u>-</u>	<u>23,122,111</u>
<b>Ending Fund Balance</b>	<u>\$ 26,280,497</u>	<u>\$ -</u>	<u>\$ 26,280,497</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**  
**For the Year Ended September 30, 2007**

Net Change in Fund Balances	
Total Governmental Funds (page 25)	\$ 3,158,386

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	\$ 111,996	
Less current year depreciation	(144,672)	(32,676)

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	(14,204)
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Change in Net Assets of Governmental Activities (page 21)	\$ 3,111,506
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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, 2007**

### **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, as amended. The law became effective January 2, 2001 and is controlled by a governing board. The eleven Member Council is comprised of five (5) individuals recommended by the Broward County Board of County Commissioners and appointed by the Governor and six (6) members appointed by virtue of the office or position they hold within the community. March 9, 2007, the new governor reappointed one existing member and appointed four new members for four year terms. Additionally, three members that serve by virtue of their position were new to the Council this fiscal year.

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 United States 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.

#### ***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.

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

## **Notes to the Financial Statements**

**September 30, 2007**

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

#### ***a. Reporting Entity, (Continued)***

While the Council provides funding for various agencies, each agency is financially independent. The Council has no authority to appoint or hire management of the agencies nor does it have responsibility for routine operations of the agencies. Based upon application of these factors, the Council has concluded that it has no financial 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. Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Council. These governmental activities are normally supported by taxes and intergovernmental revenues; however, any interfund activity has been removed from these statements.

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

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 Special Revenue Fund to account for a federal grant.

#### ***c. 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, 2007**

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

#### ***c. 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 revenues to be available if they are collected within sixty days of the end of the current fiscal year.

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

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

#### ***d. 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").

#### ***e. Budgets and Budgetary Accounting***

Budgets are adopted on a basis consistent with United States 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, 2007**

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

#### ***f. 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") (Note 14 b). 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. The SBA Pool is unrated by the major rating agencies, and investment into the fund is consistent with SEC rule 2a-7. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA.

During the year, the Council did not directly invest any resources in derivatives. Investments made through State-administered trust funds include derivatives. These investments are made on a pooled basis and the individual risk to the Council is unknown.

#### ***g. Inventory and Prepaid Items***

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

#### ***h. 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 are not yet received.

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

**Notes to the Financial Statements**

**September 30, 2007**

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

***i. Capital Assets***

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

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
Furniture and 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 \$1,000 are tagged and tracked in the fixed asset system. For Governmental Fund reporting, capital outlay includes all capital expenditures over \$1,000.

***j. Compensated Absences***

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

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

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

## **Notes to the Financial Statements**

**September 30, 2007**

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

#### ***j. Compensated Absences, (Continued)***

The liability for all accrued vacation and vested sick leave benefits is recorded in the government-wide financial statements. Currently, there are no employees that meet the requirements for accrued sick leave payout within one year.

#### ***k. 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, 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.

#### ***l. 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.

#### ***m. Unearned Revenue / Deferred Revenue***

Unearned revenue at the government-wide level arises only when the Council receives resources before it has a legal claim to them. Governmental funds report deferred revenue in connection with resources that have been received, but not yet earned.

### **3. DEPOSITS AND INVESTMENTS**

#### ***Statement of Policy***

The purpose of the Council's investment policy is to set forth the investment objectives and parameters for the management of public funds. The policy is designed to ensure prudent management of public funds, the availability of operating funds when needed, and an investment return competitive with market rates.

The Council's policy is written in accordance with Section 218.415, Florida Statutes, which applies to funds under control of local governments and special districts. The policy and any subsequent revisions are approved by the Council Members.



# CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY

## Notes to the Financial Statements

September 30, 2007

### 3. DEPOSITS AND INVESTMENTS, (Continued)

#### *Deposits*

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. Pursuant to Chapter 280, Florida Statutes, the State Treasurer requires Qualified Public Depositories ("QPD") to deposit with the Treasurer or other banking institution, eligible collateral. In the event of a failure, the remaining public depositories would be responsible for covering any losses. All bank balances of the Council are held in a QPD. As of September 30, 2007, the carrying amount of the Council's deposits was \$2,522,580 with a bank balance of \$3,829,578. The Council's deposits at year end are considered insured for custodial credit risk purposes.

#### *Investments*

The Council's investment policy allows management to invest funds in investments permitted under Florida Statutes Section 218.415. This statute explicitly allows deposits and investments in QPD's and the SBA (Note 14 b), which are the only two vehicles the Council is currently utilizing. Cash and Investments as of September 30, 2007 are composed of the following:

	Reported Amount	Weighted Average Maturity	Fair Value
Cash Deposits	\$ 2,522,580	-	\$ 2,522,580
Investments with the SBA	29,553,673	26 days	29,553,673
Total Cash and Investments	<u>\$ 32,076,253</u>		<u>\$ 32,076,253</u>

#### *Credit Risk*

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Council's investment policy limits its investments to high quality investments to control credit risk. For liquidity purposes as well as to control risk, all of the Council's investments for fiscal year 2007 were invested with the SBA. The SBA pool is unrated by the major rating agencies, and investment into the fund is consistent with SEC rule 2a-7.

As stated in Note 14 b Subsequent Events, the SBA realized significant exposure after the end of the fiscal year in late November 2007. The investments maintained their value as of September 30, 2007.

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

**Notes to the Financial Statements  
September 30, 2007**

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

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Council's investment policy does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Council currently does not have any investments with long-term maturities that are subject to fair value losses arising from increasing interest rates.

**4. ACCOUNTS AND INTEREST RECEIVABLE**

Accounts and Interest Receivable at September 30, 2007 consists of the following:

	General Fund
Interest Receivable	\$ 19,658
United Way Co-Sponsorship	15,000
Registration Fees	850
Other	167
Employee Reimbursements	67
Total Accounts Receivable	<u>\$ 35,742</u>

**5. INTERFUND RECEIVABLES AND PAYABLES**

Interfund Receivables and Payables at September 30, 2007 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 134,353	\$ -
Special Revenue Fund	-	134,353
Total	<u>\$ 134,353</u>	<u>\$ 134,353</u>

The purpose of these transactions is to account for the temporary borrowings 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, 2007

### 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 2007 was 0.4073 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 adjusted assessed value at July 1, 2007 upon which the fiscal year 2007 levy was based, was approximately \$158.7 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, 2007 is \$53,475.

### 7. CAPITAL ASSETS ACTIVITY

	Balance at Oct 1, 2006	Additions	Deletions	Balance at Sept 30, 2007
Capital Assets:				
Computer Hardware/Software	\$ 869,197	\$ 111,996	\$ (23,575)	\$ 957,618
Furniture and Equipment	175,566	-	-	175,566
Total Capital Assets	1,044,763	111,996	(23,575)	1,133,184
Less Accumulated Depreciation:				
Computer Hardware/Software	611,726	115,648	(23,575)	703,799
Furniture and Equipment	93,319	29,024	-	122,343
Total Accumulated Depreciation	705,045	144,672	(23,575)	826,142
Capital Assets, Net	\$ 339,718	\$ (32,676)	\$ -	\$ 307,042

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

Contract Administration	\$ 80,725
General Administration	63,947
Total Depreciation Expense	<u>\$ 144,672</u>

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

**Notes to the Financial Statements  
September 30, 2007**

**8. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for fiscal year ended September 30, 2007:

	Beginning Balance Oct 1, 2006	Increases	Decreases	Ending Balance Sept 30, 2007	Amount Due Within One Year
Compensated Absences:					
Vacation Accrual	\$ 314,357	\$ 237,821	\$ (224,676)	\$ 327,502	\$ 32,750
Sick Leave Accrual	8,196	25,492	(24,433)	9,255	-
<b>Total Compensated Absences</b>	<b>\$ 322,553</b>	<b>\$ 263,313</b>	<b>\$ (249,109)</b>	<b>\$ 336,757</b>	<b>\$ 32,750</b>

**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, 2007 amounted to \$22,146. The current facility expense for the fiscal year ended September 30, 2007 was \$396,152. Future minimum lease payments for these leases are approximately as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Minimum Equipment Lease Payment</b>	<b>Minimum Office Lease Payment</b>	<b>Total</b>
2008	\$ 23,700	\$ 410,600	\$ 434,300
2009	23,700	209,600	233,300
2010	11,100	-	11,100
2011	2,100	-	2,100
2012	-	-	-
	<b>\$ 60,600</b>	<b>\$ 620,200</b>	<b>\$ 680,800</b>

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

**Notes to the Financial Statements  
September 30, 2007**

**10. GRANT FUNDING**

Funding agreements for various grants are entered into on an annual basis. The release of funds is subject to terms and deliverables agreed upon with the grantor agencies. Program expenditures made by the Council are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. The statement of activities reflects the following contracts from governmental agencies for the year ended September 30, 2007:

	<u>Grant Number</u>	<u>CSFA / CFDA Number</u>	<u>Grant Amount</u>
Department of Health and Human Services			
Pass through the State of Florida Department of Children and Families	---	93.658	\$ 64,966
		State Match	64,966
		93.659	46,673
		State Match	46,672
Department of Health & Human Services			
Pass through the Broward County, FL	06-CSAD-8381-01	93.104	342,861
Total Grants			<u>\$ 566,138</u>

For the year ended September 30, 2007, the Council reported \$111,638 and \$454,500 in State Matching funds and Federal revenues, respectively. Accordingly, the Council is not subject to an audit in accordance with provisions of the Florida Single Audit Act or OMB Circular A-133 for Federal awards.

**11. RETIREMENT PLANS**

***a. Defined Benefit Plan***

Plan Description: The Council contributes to the Florida Retirement System ("FRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida legislature established FRS under Chapter 121, Florida Statutes, and has the sole authority to amend 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 FL Department of Management Services, Division of Retirement, 2639 N. Monroe Street, Building C, Tallahassee, FL 32399.

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

## **Notes to the Financial Statements**

**September 30, 2007**

### **11. RETIREMENT PLANS, (Continued)**

#### ***a. Defined Benefit Plan, (Continued)***

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 9.85% for regular employees and 13.12% for senior management of annual covered payroll. The Council contributions to FRS for the fiscal year ending September 30, 2007, 2006, and 2005 were \$300,660, \$237,240, and \$167,583 respectively, equal to the required contribution.

#### ***b. Defined Contribution Plan***

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

### **12. 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.

### **13. OTHER COMMITMENTS AND CONTINGENCIES**

Council Members approved renewing contracts, as well as designating a portion of fund balance for various programs for the subsequent year in the amount of approximately \$7 million. This amount is appropriated in the fiscal year 2007-2008 budget.

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

## **Notes to the Financial Statements**

**September 30, 2007**

### **14. SUBSEQUENT EVENTS**

#### **a. *New Office Space***

On November 29, 2007, the Council Members approved the final negotiations for plans to build a new 30,000 square foot building to house the Council's headquarters. The contract outlines a 90 day due diligence period and if all is completed satisfactorily then the construction may begin on the turnkey project. The projected completion date is February 28, 2009. Since the Council is precluded per state statutes from issuing any debt, the \$8 million Building Fund is reserved within fund balance and will be paid upon completion of the project.

#### **b. *Investments with SBA***

On November 29, 2007, the Trustees of the SBA (Note 2 f, and Note 3) responded to a run on the bank by temporarily freezing the assets of the Pool. The mass withdrawal by some local governments was in response to a downgrade of the Pool due to various investments in the sub-prime market. Ultimately, the Trustees divided the Pool and created Fund A which represented 86% of the total Pool and consists of all money-market appropriate funds and Fund B representing approximately 14% which includes assets in default or having significant credit risk.

The Trustees have set limits on withdrawals of Fund A without incurring a fee that will be lifted over time once stabilization and liquidity of the Fund occurs. The policy for distribution of principal from Fund B has not yet been determined. As of December 31, 2007, Standard and Poor's Rating Services assigned its "AAAM" Principal Stability Fund rating to Fund A. Fund B remains unrated.

As of December 31, 2007, the Council had \$17,978,329 (net of unrealized loss of \$171,255 in Fund B) invested in the SBA. Of this amount, \$15,174,240 was invested in Fund A and \$2,804,089 was placed in Fund B which is not considered liquid at this time. Any new tax dollars are now invested in a Treasury Money Market fund in accordance with the Council's Investment policy. Additional information regarding the Local Government Surplus Trust Fund may be obtained from the State Board of Administration.

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

**Notes to the Financial Statements**

**September 30, 2007**

**14. SUBSEQUENT EVENTS, (Continued)**

***c. Property Tax Amendment***

On January 29, 2008 the Florida electorate approved Amendment 1 to the Florida Constitution relative to property taxation. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by an additional \$25,000 and applies fully to homesteads valued over \$75,000, and partially for homesteads valued between \$50,000 and \$75,000, and does not apply for school district taxes. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homesteaded property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property. Amendment 1 becomes effective October 1, 2008 with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

At present, there is no accurate way to determine the impact of the portability and assessment cap provisions in terms of potential loss of property tax revenues.





**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, 2007**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 61,402,962	\$ 61,402,962	\$ 61,533,409	\$ 130,447
Interest on Investments	1,250,000	1,250,000	2,672,542	1,422,542
Grant Funding	120,000	120,000	223,277	103,277
Miscellaneous Local	25,000	71,819	83,140	11,321
<b>Total Revenues</b>	<b>62,797,962</b>	<b>62,844,781</b>	<b>64,512,368</b>	<b>1,667,587</b>
<b>Expenditures:</b>				
<b>Contracted Programs:</b>				
Contract/Direct Services	60,913,018	60,999,051	54,655,428	6,343,623
Monitoring/Outcome Materials	392,000	392,000	310,575	81,425
<b>Total Contracted Programs</b>	<b>61,305,018</b>	<b>61,391,051</b>	<b>54,966,003</b>	<b>6,425,048</b>
<b>Contract Administration:</b>				
Employee Salaries and Benefits	2,896,636	2,835,540	2,465,996	369,544
Other Consultants	8,000	8,000	-	8,000
Material and Supplies	10,000	15,815	13,238	2,577
Printing and Advertising	10,000	9,600	5,653	3,947
Telecommunications	7,000	7,000	924	6,076
Travel and Other Expenditures	50,000	50,566	47,884	2,682
<b>Total Contract Administration</b>	<b>2,981,636</b>	<b>2,926,521</b>	<b>2,533,695</b>	<b>392,826</b>
<b>General Administration:</b>				
Employee Salaries and Benefits	1,309,595	1,357,714	1,277,993	79,721
Legal Fees	60,000	60,000	37,691	22,309
Auditors and Other Consultants	92,900	92,900	58,954	33,946
Materials and Supplies	66,000	56,117	35,458	20,659
Printing and Advertising	25,000	15,953	12,419	3,534
Other General Administration	432,184	517,409	503,085	14,324
Telecommunications	70,400	70,432	38,356	32,076
Travel and Other Expenditures	279,795	237,633	166,607	71,026
Tax Collection Fees	399,053	355,635	355,634	1
Community Redevelopment Fees	759,421	1,238,589	1,237,637	952
<b>Total General Administration</b>	<b>3,494,348</b>	<b>4,002,382</b>	<b>3,723,834</b>	<b>278,548</b>

**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, 2007, (Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Capital Outlay:</b>				
Computer Hardware/Software	251,492	251,492	121,540	129,952
Furniture/ Equipment	33,075	33,075	8,279	24,796
Remodeling/Renovations	2,500	2,500	631	1,869
Total Capital Outlay	<u>287,067</u>	<u>287,067</u>	130,450	156,617
<b>Total Expenditures</b>	<u>68,068,069</u>	<u>68,607,021</u>	61,353,982	7,253,039
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (5,270,107)</u>	<u>\$ (5,762,240)</u>	3,158,386	<u>\$ 8,920,626</u>
<b>Beginning Fund Balance</b>			<u>23,122,111</u>	
<b>Ending Fund Balance</b>			<u>\$ 26,280,497</u>	

NOTE: GAAP serves as the budgetary basis.



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget to Actual**  
**For The Year Ended September 30, 2007**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenue:</b>				
Federal Through State	\$ 367,383	\$ 343,383	\$ 342,861	(522)
<b>Total Revenue</b>	<b>367,383</b>	<b>343,383</b>	<b>342,861</b>	<b>(522)</b>
<b>Expenditures:</b>				
<b>Contracted Programs:</b>				
Contract/Direct Services	215,000	200,000	200,000	-
<b>Contract Administration:</b>				
Employee Salaries & Benefits	145,238	120,858	120,766	92
Material and Supplies	1,858	5,887	5,550	337
Printing and Advertising	2,072	6,457	6,457	-
Telecommunications	143	343	332	11
Travel and Other Expenditures	3,072	9,710	9,628	82
<b>Total Contract Administration</b>	<b>152,383</b>	<b>143,255</b>	<b>142,733</b>	<b>522</b>
Capital Outlay:				
Computer Hardware/Software	-	128	128	-
<b>Total Capital Outlay</b>	<b>-</b>	<b>128</b>	<b>128</b>	<b>-</b>
<b>Total Expenditures</b>	<b>367,383</b>	<b>343,383</b>	<b>342,861</b>	<b>522</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Beginning Fund Balance</b>			<b>-</b>	
<b>Ending Fund Balance</b>			<b>\$ -</b>	

NOTE: GAAP serves as the budgetary basis.



# Statistical Section



"Our focus is our children."





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

**Comprehensive Annual Financial Report  
For The Year Ended September 30, 2007**

**STATISTICAL SECTION**

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

**Net Assets by Component**

**Last Six Fiscal Years**

(accrual basis of accounting)

	Fiscal		
	2002	2003	2004
Governmental activities			
Investment in Capital Assets	\$ 266,245	\$ 225,615	\$ 315,583
Unrestricted	16,507,478	17,733,143	19,110,453
Total primary government net assets	<u>\$ 16,773,723</u>	<u>\$ 17,958,758</u>	<u>\$ 19,426,036</u>

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

Year		
2005	2006	2007
\$ 297,277	\$ 339,718	\$ 307,042
19,864,141	22,799,558	25,943,740
<u>\$ 20,161,418</u>	<u>\$ 23,139,276</u>	<u>\$ 26,250,782</u>

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

**Changes in Net Assets**

**Last Six Fiscal Years**

(accrual basis of accounting)

	Fiscal	
	<u>2002</u>	<u>2003</u>
<b>Expenses</b>		
Governmental activities:		
Contracted Programs:		
Contracted Direct Services	\$ 7,741,217	\$ 25,678,518
Contract Administration	616,105	1,036,741
Total Contracted Program Expenses	<u>8,357,322</u>	<u>26,715,259</u>
General Administration		
Personal Services	719,589	900,264
Materials and Services	713,743	409,273
Community Redevelopment and Tax Collector Fees	-	670,149
Total General Administration Expenses	<u>1,433,332</u>	<u>1,979,686</u>
Total primary government expenses	<u>\$ 9,790,654</u>	<u>\$ 28,694,945</u>
<b>Program Revenues</b>		
Governmental activities:		
Grant Funding, Restricted	\$ 2,455,912	\$ 464,306
Total primary government program revenue	<u>\$ 2,455,912</u>	<u>\$ 464,306</u>
<b>Net (Expense)/Revenue</b>		
Total primary government net expense	<u>\$ 7,334,742</u>	<u>\$ 28,230,639</u>
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities:		
Property taxes	\$ 23,925,608	\$ 28,840,883
Investment earnings	313,098	431,398
Grant Funding, Unrestricted	-	-
Miscellaneous	112,248	143,393
Total primary government	<u>\$ 24,350,954</u>	<u>\$ 29,415,674</u>
<b>Changes in Net Assets</b>		
Total primary government	<u>\$ 17,016,212</u>	<u>\$ 1,185,035</u>

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

<u>2004</u>	<u>Year</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 33,876,243	\$ 42,804,585	\$ 47,995,906	\$ 55,166,003
1,216,230	1,803,292	2,498,185	2,678,691
<u>35,092,473</u>	<u>44,607,877</u>	<u>50,494,091</u>	<u>57,844,694</u>
1,099,004	1,262,444	1,186,658	1,283,242
997,069	879,637	902,565	1,022,516
907,649	642,575	845,973	1,593,271
<u>3,003,722</u>	<u>2,784,656</u>	<u>2,935,196</u>	<u>3,899,029</u>
<u>\$ 38,096,195</u>	<u>\$ 47,392,533</u>	<u>\$ 53,429,287</u>	<u>\$ 61,743,723</u>
\$ 589,892	\$ 665,235	\$ 628,192	\$ 342,861
<u>\$ 589,892</u>	<u>\$ 665,235</u>	<u>\$ 628,192</u>	<u>\$ 342,861</u>
<u>\$ 37,506,303</u>	<u>\$ 46,727,298</u>	<u>\$ 52,801,095</u>	<u>\$ 61,400,862</u>
\$ 38,323,485	\$ 46,299,021	\$ 53,589,647	\$ 61,533,409
439,573	1,145,141	2,119,135	2,672,542
-	-	-	223,277
210,523	18,518	70,171	83,140
<u>\$ 38,973,581</u>	<u>\$ 47,462,680</u>	<u>\$ 55,778,953</u>	<u>\$ 64,512,368</u>
<u>\$ 1,467,278</u>	<u>\$ 735,382</u>	<u>\$ 2,977,858</u>	<u>\$ 3,111,506</u>

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

(modified accrual basis of accounting)

	Fiscal		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund			
Reserved	\$ 1,030,136	\$ 37,505	\$ 259,860
Unreserved	13,557,220	17,835,062	19,049,326
Total general fund	<u>\$ 14,587,356</u>	<u>\$ 17,872,567</u>	<u>\$ 19,309,186</u>

Note: The Children's Services Council first full year of operation was Fiscal Year 2002.  
The Special Revenue fund balance is zero for all years.

Year		
<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 64,992	\$ 126,932	\$ 8,120,402
20,079,936	22,995,179	18,160,095
<u>\$ 20,144,928</u>	<u>\$ 23,122,111</u>	<u>\$ 26,280,497</u>

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

(modified accrual basis of accounting)

	Fiscal		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues</b>			
Taxes	\$ 23,925,608	\$ 28,840,883	\$ 38,323,485
Investment earnings	313,098	431,398	439,573
Miscellaneous local	28,135	115,356	113,405
In-Kind Local Match	84,113	50,807	111,683
Grant Funding	455,912	2,464,306	589,892
Total revenues	<u>24,806,866</u>	<u>31,902,750</u>	<u>39,578,038</u>
<b>Expenditures</b>			
Contracted Programs	7,741,217	25,678,518	33,876,243
Contract Administration	522,409	938,475	1,236,521
General Administration	1,164,139	1,945,524	2,599,655
Capital Outlay	474,280	55,022	429,000
Total expenditures	<u>9,902,045</u>	<u>28,617,539</u>	<u>38,141,419</u>
Net change in fund balance	<u>\$ 14,904,821</u>	<u>\$ 3,285,211</u>	<u>\$ 1,436,619</u>

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



	Year		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$	46,299,021	\$ 53,589,647	\$ 61,533,409
	1,145,141	2,119,135	2,672,542
	18,518	70,171	83,140
	-	-	-
	<u>665,235</u>	<u>628,192</u>	<u>566,138</u>
	<u>48,127,915</u>	<u>56,407,145</u>	<u>64,855,229</u>
	42,804,585	47,907,137	55,166,003
	1,723,257	2,549,839	2,676,428
	2,599,145	2,761,954	3,723,834
	<u>165,186</u>	<u>211,032</u>	<u>130,578</u>
	<u>47,292,173</u>	<u>53,429,962</u>	<u>61,696,843</u>
\$	<u><u>835,742</u></u>	<u><u>\$ 2,977,183</u></u>	<u><u>\$ 3,158,386</u></u>

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Six Fiscal Years**

(In thousands of dollars)

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Other (1)
2002	\$ 66,766,083	\$ 14,687,789	\$ 4,692,641	\$ 7,334,222
2003	84,483,132	15,311,316	5,146,783	9,347,071
2004	83,640,748	18,072,551	5,844,902	8,522,724
2005	93,673,843	19,555,418	6,607,839	9,203,728
2006	142,888,132	21,198,170	7,370,441	10,686,687
2007	182,713,021	24,031,519	8,423,168	13,151,614

Source: Broward County Property Appraiser

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

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

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

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

Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Council Tax Rate (2)
\$ 22,522,462	\$ 70,958,273	0.3055
28,960,208	85,328,094	0.3316
36,898,837	79,182,088	0.3920
44,300,477	84,740,351	0.4231
56,409,847	125,733,583	0.4231
77,339,278	150,980,044	0.4073

**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Direct and Overlapping Property Tax Rates,**  
**Last Six Fiscal Years**

(rate per \$1,000 of assessed value)

Fiscal Year	Council Basic Direct Rate	Overlapping Rates (a)		
		Broward County	School Board of Broward County	South Florida Water Management District
2002	0.3055	7.4005	8.7541	0.6970
2003	0.3316	7.3650	8.8825	0.6970
2004	0.3920	7.1880	8.4179	0.6970
2005	0.4231	7.0230	8.2695	0.6970
2006	0.4231	6.7830	8.0623	0.6970
2007	0.4073	6.0661	7.8687	0.6970

Source: Broward County Revenue Collection Division

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

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

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



**CHILDREN'S SERVICES COUNCIL OF BROWARD COUNTY**  
**Principal Property Tax Payers,**  
**Current Year and Five Years Ago**  
**(Dollars in Thousands)**

<b>2002</b>			
<b>Taxpayer</b>	<b>Taxes Levied</b>	<b>Rank</b>	<b>Percent to Aggregate Taxes Levied</b>
Florida Power & Light Company	\$ 28,863	1	1.33%
BellSouth Corporation	18,530	2	0.85%
Sunrise Mills, LTD	7,033	3	0.32%
Motorola Inc	3,873	4	0.18%
Wheelabrator South Broward, Inc	3,421	5	0.16%
Wheelabrator North Broward, Inc	3,266	6	0.15%
AT&T Broadband	2,868	7	0.13%
Northwestern Mutual Life	2,514	8	0.12%
Marriott Ownership Resorts Inc	2,406	9	0.11%
Keystone-Florida Property	2,392	10	0.11%
Southern Bell Telephone Co	-		-
Diplomat Properties	-		-
Wal-Mart Stores Inc	-		-
WCI Communities Inc	-		-
Publix Supermarkets, Inc.	-		-
Palm Vacation Group	-		-
Cocowalk Dev Inc	-		-
 Total principal taxpayers	 <u>\$ 75,166</u>		 <u>3.46%</u>

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

Source: Broward County Revenue Collector

**2007**

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<b>Taxes Levied</b>	<b>Rank</b>	<b>Percent to Aggregate Taxes Levied</b>
\$ 31,530	1	0.86%
-	-	-
8,586	3	0.23%
-	-	-
-	-	-
-	-	-
-	-	-
3,267	7	0.09%
-	-	-
-	-	-
12,745	2	0.35%
7,205	4	0.20%
4,994	5	0.14%
4,100	6	0.11%
3,215	8	0.09%
2,867	9	0.08%
2,650	10	0.07%
<hr/> <hr/> \$ 81,159		<hr/> <hr/> 2.22%

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

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
2002	\$ 25,231,408	\$ 23,925,608	94.8%	\$ 88,067
2003	30,659,841	28,785,876	93.9%	161,032
2004	40,758,917	38,225,214	93.8%	100,636
2005	48,808,266	46,168,199	94.6%	97,381
2006	56,341,477	53,444,968	94.9%	113,169
2007	64,634,697	61,401,903	95.0%	-

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

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



**Total Collections to Date**

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	<b>Amount</b>	<b>Percentage of Levy</b>
\$	24,013,675	95.2%
	28,946,908	94.4%
	38,325,850	94.0%
	46,265,580	94.8%
	53,558,137	95.1%
	61,401,903	95.0%

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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>
2002	1,669,153	\$ 54,850,632	\$ 32,137	37.9
2003	1,698,425	56,254,396	32,512	37.9
2004	1,723,131	60,265,418	34,340	38.0
2005	1,740,987	65,213,329	36,595	38.1
2006	1,753,162	N/A	N/A	39.0
2007	1,765,707	N/A	N/A	N/A

Source:

- (1) UF, Bureau of Business and Economic Research as of April 1.
- (2) US Department of Commerce, Bureau of Economic Analysis
- (3) US Census Bureau
- (4) School Board of Broward County
- (5) U.S. Department of Labor Bureau of Labor Statistics

N/A Not Available

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

<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
266,272	6.00%
271,339	5.80%
272,691	5.10%
272,691	4.10%
270,935	3.70%
262,616	4.20%

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

**2002**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Broward School Board*	28,203	1	3.3%
Memorial Healthcare System*	7,700	3	0.9%
N. Broward Hospital District*	6,330	4	0.7%
Broward County Sheriff's Office*	-	-	-
Tenet Healthcare Corp	-	-	-
American Express	6,300	5	0.7%
Motorola	3,000	7	0.3%
City of Fort Lauderdale	2,420	10	0.3%
Citrix Systems	-	-	-
JM Family Enterprises	-	-	-
Broward County Government*	7,775	2	0.9%
Aviation Sales Co	3,800	6	0.4%
Seabulk International, Inc.	2,600	8	0.3%
Holy Cross Hospital	2,500	9	0.3%
<b>Total</b>	<b>70,628</b>		<b>8.1%</b>

\* Includes both full time and part time employees

Source: The Broward Alliance

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

**2007**

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<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Broward School Board*	38,000	1	3.9%
Memorial Healthcare System*	10,000	2	1.0%
N. Broward Hospital District*	8,148	3	0.8%
Broward County Sheriff's Office*	6,300	4	0.7%
Tenet Healthcare Corp	5,000	5	0.5%
American Express	4,200	6	0.4%
Motorola	3,000	7	0.3%
City of Fort Lauderdale	2,681	8	0.3%
Citrix Systems	1,885	9	0.2%
JM Family Enterprises	1,732	10	0.2%
Broward County Government*	-	-	-
Aviation Sales Co	-	-	-
Seabulk International, Inc.	-	-	-
Holy Cross Hospital	-	-	-
<b>Total</b>	<b>80,946</b>		<b>8.3%</b>

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

<b>Function</b>	<b>Full-time Equivalent Employees as of September 30</b>					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Contract Administration	13	16	25	31	34	37
General Administration	9	9	13	13	14	15
Total	<u>22</u>	<u>25</u>	<u>38</u>	<u>44</u>	<u>48</u>	<u>52</u>

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

Source: Children's Services Council, Finance Administration

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Utilization						
Contract/Direct Services						
Amount Under Contract (a)	56%	85%	94%	98%	99%	99%
Actual Expenditures (b)	40%	72%	82%	83%	84%	90%
Under-utilized (c)	16%	13%	12%	15%	15%	9%
Unallocated (d)	44%	15%	7%	2%	1%	1%

- (a) Percentage of contract/direct services budget under contract.
- (b) Percentage of contract/direct services budget spent.
- (c) Percentage of contract/direct services budget contracted but not spent.
- (d) Percentage of contract/direct services budget not allocated/contracted.

General Fund Total Expenditures as a percentage of revenues						
Budget (e)	96%	128%	121%	121%	114%	109%
Actual (f)	40%	90%	96%	98%	95%	95%

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

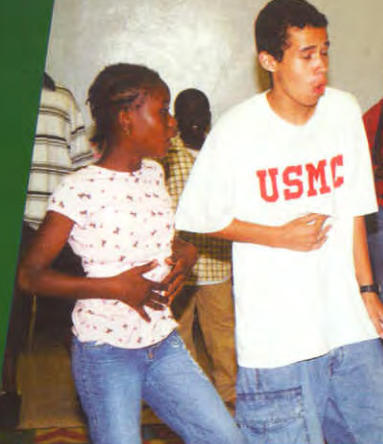
Note: The Children's Services Council first full year of operation was Fiscal Year 2002.

Source: The Children's Services Council - Finance Administration





# Internal Control & Compliance



*"Our focus is our children."*





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

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

We have audited the financial statements of the governmental activities and each major fund of the Children's Services Council of Broward County (the "Council") as of and for the year ended September 30, 2007, which collectively comprise the Children's Services Council of Broward County's basic financial statements and have issued our report thereon dated February 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Children's Services Council of Broward County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Children's Services Council of Broward County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Children's Services Council of Broward County's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Children's Services Council of Broward County's financial statements that is more than inconsequential will not be prevented or detected by the Children's Services Council of Broward County's internal control.


A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Children's Services Council of Broward County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Children's Services Council of Broward County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
February 21, 2008



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## INDEPENDENT AUDITORS' REPORT TO COUNCIL MANAGEMENT

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

We have audited the basic financial statements of the Children's Services Council of Broward County (the "Council"), as of and for the year ended September 30, 2007, and have issued our report thereon dated February 21, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which are dated February 21, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Children's Services Council of Broward County complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures and internal controls. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Children's Services Council of Broward County

Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statement; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

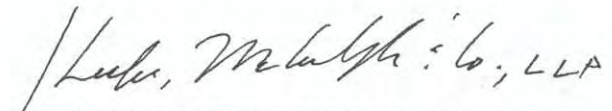
Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Children's Services Council of Broward County is an independent special taxing district authorized under the Laws of Florida Chapter 2000-461 and incorporated on January 2, 2001. The Council does not have any component units.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Council did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Council for the fiscal year ended September 30, 2007, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007. In connection with our audit, we determined that these two reports were in agreement.

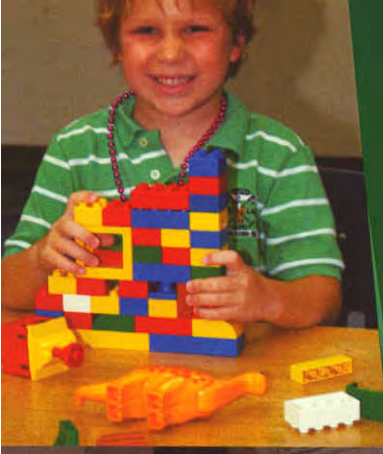
Section 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the Council, the Finance Committee, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
February 21, 2008





*Leading the way  
by investing in our  
children and families.*



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

**"Our focus is our children."**

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