

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY

BOARD EXECUTIVE/FINANCE COMMITTEE

MARCH 12, 2020 ~ 12:00 PM

AGENDA

MISSION: The Children's Board invests in partnerships and quality programs to support the success of all children and families in Hillsborough County.

CALL TO ORDER

M. Dempsey

Quorum Verification

PUBLIC COMMENT

M. Dempsey

The Children's Board of Hillsborough County welcomes comments from the public. Those who wish to address the Board may do so at this time. Those addressing the Board should state their full name and affiliation for the official record. In the interest of time, we ask that one person be designated to speak on behalf of a constituency and that all comments are limited to 3 minutes.

ACTION ITEMS

1. **Approval;** February 13, 2020 Board Executive/Finance Committee Minutes
2. **Acceptance;** FY 2019 Audited Financial Statements

M. Dempsey

T. Williams

DISCUSSION ITEMS

1. East County FRC Property Update
2. Program Department Updates
3. House Bill 1013

P. Scott

M. Negron

K. Parris

ADJOURNMENT

M. Dempsey

IMPORTANT DATES TO REMEMBER

Regular Board Meeting	March 26, 2020	3:00 PM
Grand Opening of the Doretha Wynn Edgecomb CBFRC	March 31, 2020	10:00 AM

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY

BOARD EXECUTIVE/FINANCE COMMITTEE

MEETING MINUTES

FEBRUARY 13, 2020 – 12:00 PM

Subject	Executive/Finance Committee	Date	February 13, 2020
Facilitator	Megan Proulx Dempsey, CBHC Chair	Time	12:00 PM
		Actual Time	12:06 PM - 12:32 PM
Location	Children's Board of Hillsborough County 1002 East Palm Avenue Tampa, Florida 33605 Conference Training Room, 2 nd Floor	Call to Order	The meeting was called to order at 12:06 PM
Board/Committee Members PRESENT	Megan Proulx Dempsey, Chair Andrew Mayts, Vice Chair Robin DeLaVergne, Secretary/Treasurer	Board/Committee Not Present	
Other Attendees	Kelley Parris, E.D. Nina Eichorn, Recorder David Adams, Board Attorney	Tonia Williams, CBHC Staff Jan Houser, CBHC Staff Paula Scott, CBHC Staff	Jamie Robe, CBHC Staff Trish James, CBHC Staff Maria Negron, CBHC Staff

SUMMARY

No.	Topic	Highlights
I.	CALL TO ORDER	Megan Proulx Dempsey, Chair, called the meeting to order at 12:06 PM.
II.	PUBLIC COMMENT	None.
III.	ACTION ITEMS	
	1. January 9, 2020 Meeting Minutes	<i>The January 9, 2020 Executive/Finance Committee Meeting minutes were reviewed by the Committee and approved.</i>
IV.	DISCUSSION	
	1. Program Department Updates	M. Negron provided an update on all of the funding releases. M. Negron reported the 2019 Annual Report is in progress. A. Mayts requested details regarding the <i>Military and Veteran Family Support</i> grant opportunity. M. Negron stated a possible restructuring of the release (Intent to Negotiate, ITN), as she believes the military and veteran community require a more specific service to be developed. K. Parris suggested a survey be distributed to the families to identify the specific needs.
	2. East County Property Search Update	P. Scott provided an update on the East County property search regarding the relocation of the Children's Board Family Resource Center. She shared the Site Review Report from Design Styles Architecture (DSA); this report included the entire build-out cost for the 301 N. Palmer St., Plant City, FL 33563
	3. House Bill 1013 and 661	K. Parris provided a brief summary of House Bills 1013 and 661.
	4. ELCHC Reconciliation Update	K. Parris provided an update on the ELCHC reconciliation.
	5. Audit RFP	T. Williams reported the CBHC Audit will be provided at the March 12, 2020 Executive/Finance Committee meeting.

SUMMARY

No.	Topic	Highlights
		<p>T. Williams also reported the following:</p> <ul style="list-style-type: none">• The audit of the FY 2019 Children's Board financial statements conducted this year marks five years since the competitive release for these services.• Florida Statute 218.39 requires local governmental entities to establish an Auditor Selection Committee when selecting a firm to conduct the annual financial audit.<ul style="list-style-type: none">○ The committee must consist of at least three members.○ One member must be a member of the governing body, who shall serve as the Chair of the committee.• The proposed timeline:<ul style="list-style-type: none">○ A Request for Proposals will be released in April 2020;○ The Auditor Selection Committee will meet to review proposals in June 2020;○ A recommendation will be presented to the Board on June 25, 2020.
V.	ADJOURNMENT	The meeting adjourned at 12:32 PM

APPROVALS

1.	<i>The January 9, 2020 Executive/Finance Committee Meeting minutes were reviewed by the Committee and approved.</i>
----	---

READ AND APPROVED BY:

Megan Proulx Dempsey, CBHC Chair and
Executive/Finance Committee Chair

Acceptance of FY 2019 Audited Financial Statements

Initiator: Tonia Williams, Director of Finance

Action: Accept FY 2019 Audited Financial Statements

Date: Executive / Finance Committee Meeting, Thursday, March 12, 2020

Recommended Action

Executive / Finance Committee acceptance of the FY 2019 Audited Financial Statements.

Background

- The Children's Board of Hillsborough County is required by Florida Statute to engage an independent audit firm to conduct an annual audit and report their findings and recommendations to the Board.

Attachment

- A. Management Letters
- B. SAS 114 Letter
- C. FY 2019 Audited Financial Statements

March 12, 2020
Crowe LLP
401 E Jackson Street
Suite 2900
Tampa, FL 33602

Ladies and Gentlemen:

We are providing this letter in connection with your audits of the financial statements of the Children's Board of Hillsborough County as of September 30, 2019 and 2018 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the general fund, of the Children's Board of Hillsborough County, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$103,900 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 1, 2019 for the preparation and fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States, and we believe the financial statements are fairly presented and include all properly classified funds and other financial information of the primary government by generally accepted accounting principles to be included in the financial reporting entity.

MISSION

The Children's Board invests in partnerships and quality programs to support the success of all children and families in Hillsborough County.

BOARD MEMBERS

Megan Proulx Dempsey
Board Chair

Andrew J. Mayts, Jr.
Vice Chair

Robin DeLaVergne
Secretary/Treasurer

Commissioner
Sandra Murman

Jeffrey Eakins
Superintendent

Honorable
Katherine G. Essrig

Tamara Shamburger
SDHC Board Chair

Frank Prado
Regional Director

Edwin A. Narain

2. We are responsible for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
3. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
4. We have provided you --
 - a. Access to all financial records, documentation and other information that is relevant to the preparation and fair presentation of the financial statements.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. Audit or relevant monitoring reports, if any, received from funding sources.
 - f. Results of the assessment of risk that the financial statements may be materially misstated as a result of fraud.
5. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
6. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
7. We have no plans or intentions that might materially affect the carrying value or classification of assets, deferred outflows, liabilities, and deferred inflows.
8. We have identified all accounting estimates that materially affect recorded amounts and disclosures in the financial statements, and the key factors and significant assumptions underlying those estimates. We believe the estimates are reasonable in the circumstances.

These estimates include:

- a. Valuation of long-lived assets.
- b. Disclosure of pension plans or other post-retirement benefits.

- c. Disclosure of fair value of financial instruments.
 - d. Accrual of compensated absences.
 - e. Accumulated depreciation.
9. Adequate consideration and provision have been made, when necessary, for any material losses likely to be sustained from:
- a. Impairment of long-lived assets when the carrying amount may not be recoverable.
 - b. Collection of receivables.
 - c. Environmental remediation liabilities.
10. Except as disclosed in the financial statements, or directly to you, there are or have been no material:
- a. Arrangements, either written or oral, with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
 - b. Oral or written guarantees under which the entity is contingently liable.
 - c. Other financial instruments with significant “off-balance-sheet” risk of accounting loss to which the entity is a party.
 - d. Concentrations that make the entity vulnerable to the risk of a severe impact within one year from the balance sheet date (including, for example, individual or group concentrations of customers, suppliers, lenders, products, services, sources of labor or materials, licenses or other rights, operating areas or markets).
 - e. Significant accounting estimates that are susceptible to changing materially as a result of an event or change in conditions that is reasonably possible of occurrence within one year from the balance sheet date.
 - f. Liens, encumbrances or other title impairments, such as pledges as collateral, on entity assets at the balance sheet date.
 - g. Restrictions under borrowing agreements.
 - h. Unrecorded transactions.
 - i. Significant events that have occurred subsequent to the balance sheet date through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

- j. Declines in market value of investments that are not temporary.
11. We have disclosed to you all known actual or possible litigation, claims and assessments whose effects should be considered by management when preparing the financial statements. These matters have been accounted for and disclosed in conformity with accounting principles generally accepted in the United States and GASB 62.
 12. Related parties and all related party relationships and transactions, and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees, have been disclosed to you, and have been appropriately accounted for and disclosed in the financial statements in accordance with the requirements of accounting principles generally accepted in the United States.
 13. Except as disclosed to you, we have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management, whether material or not.
 - b. Employees who have significant roles in internal control, whether material or not.
 - c. Others when the fraud could have a material effect on the financial statements.
 14. Except as disclosed to you, we have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, or others.
 15. Except as disclosed to you, there have been no:
 - a. Instances of non-compliance or suspected non-compliance with budget ordinances, laws or regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered when preparing the financial statements.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
 - d. Reservations or designations of fund equity that were not properly authorized and approved.
 16. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

17. We are responsible for the required supplementary information, including that such information is measured and presented in accordance with prescribed guidelines. The methods of measurement or presentation have not changed from those used in the prior period. All significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information have been disclosed to you.
18. We understand that during the course of your audit, you have relied on work performed by the following specialists. We confirm that we have no relationships with those specialists that may bear on their objectivity, such as the ability through employment, ownership, contractual right, family relationship or otherwise to directly or indirectly control or significantly influence the specialist.
 - Milliman
 - The Florida Auditor General
19. We agree with the findings of specialists in evaluating the net pension liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of matters that have had an effect on the independence or objectivity of the specialists.
20. During the course of your audit, we have provided to you physical or electronic copies of various original documents. We understand that you are relying on such copies as audit evidence in your audit and represent that copies provide an accurate and completed representation of the original documentation and that the copies have not been modified from their original version.
21. The financial statements include all component units that meet the criteria of financial accountability or which are otherwise considered misleading to exclude, the classification of these component units as discretely presented or blended is appropriate, and the relationships and criteria for inclusion are properly disclosed.
22. The financial statements properly classify all funds and activities.
23. All funds that meet the quantitative criteria in GASB Statements Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to the financial statement users.
24. Net position components (invested in capital assets, restricted, and unrestricted) are properly classified and fund balance types (including minimum fund balance policies and/or stabilization agreements, if applicable) are properly presented and disclosed pursuant to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

25. Expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
26. Revenues are properly classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
27. Interfund, internal, and intra-entity activity and balances have been properly classified and reported.
28. Special and extraordinary items are properly classified and reported.
29. Deposits and investment securities are properly classified in category of custodial credit risk.
30. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
31. All suggested adjusting journal entries, as discussed and approved, will be recorded in the accounting records.
32. We participate in the Hillsborough County Health Plan, which provides for a post-employment benefit to retirees. We have implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in FYE 2018 and believe our participation in the Health Plan is a special funding situation under GASB 75. We do not believe the revenue and expense to be recorded in accordance with this Statement nor the required disclosures and required supplementary information are material to the financial statements.
33. Management prepared these financial statements in complete compliance with GASB Statement 68 on Financial Reporting for Pensions. Management does not waive its statutory rights under Chapter 121, *Florida Statutes*.
34. With respect to the audit in accordance with *Government Auditing Standards*:
 - a. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Entity.
 - b. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of laws and regulations that have a material effect on the determination of financial statement amounts, and that warrant the attention of those charged with governance.
 - c. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.

- d. We have identified and disclosed to you all instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements.
- e. If applicable, we have identified for you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Kelley Parris, Executive Director

Tonia Williams, Finance Director

Board of Directors
Children's Board of Hillsborough County
Tampa, Florida

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Children's Board of Hillsborough County ("Board") for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. 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.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on November 7, 2019.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:

- The allocation of responsibilities between you and management.
- The entity's objectives and strategies, and the related business risks that may result in material misstatements.
- Significant communications with regulators.
- Other matters you believe are relevant to the audit of the financial statements.
- Matters relative to the use of other auditors/other accountants during the audit:
 - An overview of the type of work to be performed by other auditors/other accountants.
 - An overview of the nature of our planned involvement in the work to be performed by the other auditor/other accountant.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. To assist Those Charged with Governance in its oversight role, we also provide the following:

Accounting Standard	Impact of Adoption
<p>GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements"</p> <p>This Statement was issued to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt as a liability that arises from a contractual obligation to pay cash or other assets in one or more payments to settle an amount that is fixed as the date the contractual obligation is established. Required debt disclosures include unused lines of credit, assets pledged as collateral for debt, and terms specified in debt agreements (e.g., events of default, termination events, and subjective acceleration clauses). Disclosure requirements also include existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.</p>	<p>Adoption of this Statement did not have a material impact on the Board's financial position or results of operations.</p>

Accounting Standard	Impact of Adoption
GASB Statement No. 86, "Certain Debt Extinguishment Issues." This Statement was issued to improve consistency in accounting for financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance of debt that is extinguished and notes to financial statements for debt that is defeased in substance.	Adoption of this Statement did not have a material impact on the Board's financial position or results of operations.
Significant Unusual Transactions.	No such matters noted
Significant Accounting Policies in Controversial or Emerging Areas.	No such matters noted

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the Board's year end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Useful Lives of Fixed Assets	Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the Board.	We tested the propriety of information underlying management's estimates.
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Board's accounting policies and financial statement disclosures.

- The accounting policies to the particular circumstances of the Board, considering the need to balance the cost of providing information with the likely benefit to users of the Board's financial statements are appropriate.
- Overall, the disclosures in the financial statements are neutral, consistent and clear.
- The effect of the timing of transactions in relation to the period in which they are recorded is appropriate.
- There were no significant risks and exposures, and uncertainties that are disclosed in the financial statements. There were no unusual transactions including nonrecurring amounts recognized during the audit period that materially impacted the financial statements.
- There were no particularly sensitive financial statement disclosures.
- There were no factors affecting asset and liability carrying values, including the Board's basis for determining useful lives assigned to tangible and intangible assets.
- There was no selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.


There were no such misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
<p>Other Information In Documents Containing Audited Financial Statements Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We read the following items and noted no material inconsistencies or misstatement of facts in such information based on our reading thereof.</p> <ul style="list-style-type: none"> • Management's Discussion and Analysis of Financial Condition and Results of Operation • Historical Pension Information • Budgetary Comparison Schedule
<p>Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Disagreements With Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Board's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Consultations With Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p>Representations The Auditor Is Requesting From Management We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p>Significant Related Party Findings and Issues We are to communicate to you significant findings and issues arising during the audit in connection with the Board's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process. There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p>Other Findings or Issues We Find Relevant or Significant</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you</p>

Communication Item	Results
We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	regarding your oversight of the financial reporting process.

We are pleased to serve your Board as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Directors and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Tampa, Florida


DRAFT



Children's Board
HILLSBOROUGH COUNTY

www.ChildrensBoard.org

FINANCIAL STATEMENTS
September 30, 2019 and 2018

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
Tampa, Florida

FINANCIAL STATEMENTS
September 30, 2019 and 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-11
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	12-13
STATEMENTS OF ACTIVITIES	14
FUND FINANCIAL STATEMENTS	
BALANCE SHEETS - GOVERNMENTAL FUND	15
RECONCILIATION OF TOTAL GOVERNMENTAL FUND	
BALANCE TO STATEMENTS OF NET POSITION	16
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN	
FUND BALANCE - GOVERNMENTAL FUND	17
RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES	
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL	
FUND TO STATEMENTS OF ACTIVITIES	18
NOTES TO FINANCIAL STATEMENTS	19-40
REQUIRED SUPPLEMENTARY INFORMATION	
HISTORICAL PENSION INFORMATION:	
SCHEDULE OF THE CHILDREN'S BOARD PROPORTIONATE SHARE OF THE NET	
PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM PENSION PLAN	41
SCHEDULE OF THE CHILDREN'S BOARD CONTRIBUTIONS - FLORIDA	
RETIREMENT SYSTEM PENSION PLAN	42
SCHEDULE OF THE CHILDREN'S BOARD PROPORTIONATE SHARE OF THE NET	
PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE	
SUBSIDY	43
SCHEDULE OF THE CHILDREN'S BOARD CONTRIBUTIONS - FLORIDA	
RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY	44
BUDGETARY COMPARISON SCHEDULE:	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN	
FUND BALANCE - BUDGET TO ACTUAL - GOVERNMENTAL FUND	45
SUPPLEMENTAL INFORMATION	
INDEPENDENT AUDITOR'S 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	46-47
MANAGEMENT LETTER	48-49
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH	
SECTION 218.415, FLORIDA STATUTES	50

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Children's Board of Hillsborough County (the Children's Board), as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Children's Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Children's Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Children's Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Children's Board, as of September 30, 2019 and 2018, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension information and budgetary comparison schedule as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], on our consideration of the Children's Board internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Children's Board's internal control over financial reporting and compliance.

Tampa, Florida
[REDACTED]

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

The Children's Board of Hillsborough County's (the Children's Board) Management Discussion and Analysis (MD&A) provides a financial performance review that is designed to focus on the financial activities, resulting changes, and currently known facts for the fiscal year ended on September 30, 2019. Please read it in conjunction with the accompanying presented financial statements.

Financial Highlights

- The Hillsborough County ad valorem property tax base increased \$8.4 billion or 9.68 percent from fiscal year 2018 to 2019 because of the increase in property values. Total net ad valorem revenue increased \$3.8 million. The millage rate remained at .4589 mills per \$1,000 of property value.
- The overall change in revenue from fiscal year 2018 to 2019 was a net increase of \$4.9 million or 12.1% due to the increase in ad valorem revenue, an increase in investment income due to an increase in the interest rate, and an increased investment by Eckerd Connects in the Administrative Services Organization (ASO).
- Total program expenditures increased by \$3.5 million or 12% for fiscal year 2019 for a total of \$32.6 million (83% of total expenses). There was an increase in new funding released and continuation contracts were given an increase to enhance services.
- Governmental Fund balance increased \$5.5 million or 20.3 percent for fiscal year 2019 because expenditures were under budget and revenue was over budget. There was a budgeted spend down of the fund balance.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 12 and 14 provide information about the activities of the Children's Board as a whole and present a long-term view of the Children's Board's finances. Governmental Fund financial statements start on page 15. For governmental activities, these statements explain how the services were financed in the short term as well as what remains for future spending.

The Children's Board's basic financial statements provide users long-term and short-term information about the Children's Board's overall financial position. The Governmental Fund financial statements provide a current financial resource measurement focus using modified accrual accounting. The Government-Wide financial statements provide users an economic resource measurement focus based on full accrual accounting. The Government-Wide and Governmental Fund statement presentations allow the users to address relevant questions concerning the basis of comparison from year to year or government to government and the Children's Board's accountability.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

Overview of the Financial Statements

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the Children's Board activities in a way that helps to evaluate its economic and financial position. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the method of 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.

These two statements report the Children's Board's net position and changes in it. Net Position is the difference between assets and liabilities. An increase in net position happens when revenue for the year exceeds expenditures.

In the Statement of Net Position (Table 1) and the Statement of Activities (Table 2) all of The Children's Board's services are considered governmental activities. Appropriation funding includes property taxes, state and federal grants and other local funding to finance these activities.

Table 1
Statement of Net Position:

	2019	2018	2017
Assets:			
Current and other Assets	\$ 16,840,179	\$ 14,983,615	\$ 14,148,395
Designated Assets	21,466,374	16,868,378	12,689,463
Capital Assets (net)	4,433,002	3,636,975	3,811,839
Total Assets	42,739,555	35,488,968	30,649,697
Deferred Outflows:			
Pensions	939,626	958,809	1,023,979
Liabilities:			
Current and Other Liabilities	9,056,442	7,776,662	8,472,534
Deferred Inflows:			
Pensions	262,388	368,336	299,453
Net Position:			
Invested in Capital Assets	4,433,002	3,636,975	3,811,839
Unrestricted	29,927,349	24,665,804	19,089,850
Total Net Position	\$ 34,360,351	\$ 28,302,779	\$ 22,901,689

Total Assets increased \$7.3 million and 20.4 percent because of the increase in Future Commitments and the purchase of a building for the Temple Terrace Children's Board Family Resource Center. \$477,413 will be encumbered in fiscal year 2020.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

Table 2
Statement of Activities:

	2019	2018	2017
Expenses:			
Program Expense	\$ 32,580,269	\$ 29,084,247	\$ 27,695,625
Operating and Non-Operating Expense	6,240,351	5,527,948	5,332,552
Depreciation Expense	173,231	174,864	175,191
Total Expenses	<u>38,993,851</u>	<u>34,787,059</u>	<u>33,203,368</u>
Revenues:			
Ad Valorem Taxes	42,440,445	38,597,498	35,503,177
Investment Income	1,163,907	721,353	350,169
Other Funding	1,447,071	869,298	351,937
Total Revenues	<u>45,051,423</u>	<u>40,188,149</u>	<u>36,205,283</u>
Change in Net Position	6,057,572	5,401,090	3,001,915
Net Position - Beginning of Year	<u>28,302,779</u>	<u>22,901,689</u>	<u>19,899,774</u>
Net Position - End of Year	<u><u>\$ 34,360,351</u></u>	<u><u>\$ 28,302,779</u></u>	<u><u>\$ 22,901,689</u></u>

The Statement of Activities shows the effect of capitalization of infrastructure and fixed assets and other nominal differences (Table 2) as time-related depreciable elements and expenses that the Governmental Fund (page 14) treats as expended in the period that the asset is acquired.

Total expenses increased \$4.2 million or 12 percent from fiscal year 2018 to fiscal year 2019. Operating and non-operating expenses increased \$0.4 million or 7.6 percent for the fiscal period.

Total revenues increased \$4.9 million over the prior year. Ad Valorem Taxes increased 10 percent due to an increase in property values. Investment Income increased 61.4% because of an increase in the interest rate. Other funding increased 66.5% due to an increase in ASO Funding.

Governmental Fund Financial Statements

The Governmental Fund financial statements starting on page 15 focus on the individual parts of the Children's Board's activities and reports the Children's Board's operations in more detail than the Government-Wide statements.

The traditional users of government financial statements will find the Governmental Fund financial statement presentation more familiar. The Children's Board uses only one government fund category and does not have any proprietary or fiduciary funds activity.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

Governmental Fund – All of The Children's Board's services are reported in a governmental fund. This focuses on cash and other financial assets that can readily be converted to cash and the balances left at year-end that are available for spending. Consequently, the Governmental Fund statements provide a detailed short-term view that helps the readers determine whether there are financial resources available to finance the Children's Board's basic services in the near future. Because this information does not encompass the additional long-term focus of the Government-Wide financial statements, we describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Fund in a reconciliation following the fund financial statements.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fund Balance:			
Nonspendable Fund Balance:			
Prepaid Expenditures	\$ 23,000	\$ 26,100	\$ 23,000
Committed Fund Balance:			
Building and Capital Reserve	313,119	229,591	264,214
Minimal Operational Expenditures	2,598,850	2,388,909	1,968,474
Assigned Fund Balance:			
Future Commitments of Current Programs	18,554,405	14,249,878	10,456,775
Unassigned Fund Balance:			
Unassigned Funds	<u>10,893,170</u>	<u>10,033,449</u>	<u>8,514,206</u>
Total Fund Balance	<u>\$ 32,382,544</u>	<u>\$ 26,927,927</u>	<u>\$ 21,226,669</u>

Summary of Balance Sheet

The Governmental Fund Balance Sheet on page 15 presents information on the Children's Board's assets and liabilities and the combined fund balance. The fund balance increased from \$26.9 million to \$32.4 million due to underspending in program funding.

The \$32.4 million fund balance at September 30, 2019 consists of non-spendable, committed, assigned and unassigned categories. The non-spendable fund balance includes \$23 thousand of prepaid expenditures. The committed fund balance includes the building and capital reserve and minimal operational expenditures for the first two months of each fiscal year totaling \$2.9 million. The assigned fund balance is for future commitments of current programs totaling \$18.6 million. The remaining \$10.9 million represents the unassigned fund balance, which is the remaining portion of the fund balance that has not been restricted, committed, or assigned which is available for general purposes.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

Statement of Revenues, Expenditures and Changes in Fund Balance

Total revenues from the Governmental Fund were \$45.1 million in FY 2019, a 12.1 percent increase from FY 2018. The ad-valorem tax revenues, the Children's Board's largest revenue source, was \$42.4 million. This was a 10 percent increase from FY 2018 because of the increase in property values. The millage rate remained at .4589.

Total expenditures for governmental activities were \$39.6 million, a 14.8 percent increase from FY 2018. This included \$4.9 million in operating expenditures, \$1.1 million in non-operating, 1.0 million in capital outlay, and \$32.6 million in program expenditures. The program expenditures included an overall 12 percent increase.

At year-end 2019, the Children's Board's general fund reported \$32.4 million in fund balance, which is an increase of \$ 5.5 million or 20.3 percent increase from fiscal year 2018.

Table 3
General Fund Budgetary Highlights:

	Original Budget 2019	Amended Budget 2019	Actual 2019
Revenues			
Ad valorem taxes	\$ 41,771,412	\$ 41,771,412	\$ 42,440,445
Investment Income	756,000	756,000	1,163,907
Other Funding	1,920,000	1,920,000	1,447,071
Total Revenues	<u>44,447,412</u>	<u>44,447,412</u>	<u>45,051,423</u>
Expenditures			
Personnel	3,973,914	3,973,914	3,914,999
Operational Expenses	1,258,637	1,258,637	988,280
Capital	-	1,400,200	969,258
Non-Operating Expenses	1,201,570	1,201,570	1,144,000
Program Expenses	41,248,693	39,848,493	32,580,269
Total Expenditures	<u>47,682,814</u>	<u>47,682,814</u>	<u>39,596,806</u>
Change to Fund Balance	<u>\$ (3,235,402)</u>	<u>\$ (3,235,402)</u>	<u>\$ 5,454,617</u>

General Fund Budget Comparison

Total revenues exceeded total expenditures by \$5.5 million in the general fund for fiscal year 2019 – as shown in Table 3.

Total Actual general fund revenues were \$.6 million and 1.3 percent more than the amended budgeted revenues for fiscal year 2019.

The actual expenditures were \$8.1 million below the budget amounts due to underspending in both operating and program budgets. Operating expenditures were under budget due to vacant positions throughout the year, and underspending in facility expenditures and contracted services. Unallocated funds through the competitive process and under spending in program contracts resulted in program expenditures being under budget for fiscal year 2019.

The Children's Board's general fund balance change of \$5.5 million reported (Table 3) differs from the amended general fund's budgeted fund balance change of (\$3.2) million. This is principally because of lower than anticipated program and operating expenditures.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Children's Board has established a fixed asset amount of \$5,000 and greater as the threshold to recognize capitalized assets.

Table 4
Change in Capital Assets

	Balance 09/30/18	Additions	Retirements/ Transfers	Balance 09/30/19
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Land-FRC Temple Terrace	-	300,000	-	300,000
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Building-FRC Temple Terrace	-	650,000	-	650,000
Improvements	155,638	-	-	155,638
Construction-in-Progress	-	19,258	-	19,258
Improvements other than building	414,711	-	-	414,711
Office Equipment	5,880	-	-	5,880
Office Furniture	39,806	-	-	39,806
Computer Equipment	11,151	-	-	11,151
	<u>6,439,918</u>	<u>969,258</u>	<u>-</u>	<u>7,409,176</u>
Less, accumulated depreciation:				
Building-Palm Avenue	2,273,031	157,667	-	2,430,698
Building-FRC Temple Terrace	-	-	-	-
Improvements	58,364	15,564	-	73,928
Improvements other than building	414,711	-	-	414,711
Office Equipment	5,880	-	-	5,880
Office Furniture	39,806	-	-	39,806
Computer Equipment	11,151	-	-	11,151
	<u>2,802,943</u>	<u>173,231</u>	<u>-</u>	<u>2,976,174</u>
Capital Assets, Net	<u>\$ 3,636,975</u>	<u>\$ 796,027</u>	<u>\$ -</u>	<u>\$ 4,433,002</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

	Balance 09/30/17	Additions	Retirements/ Transfers	Balance 09/30/18
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	155,638	-	-	155,638
Improvements other than building	414,711	-	-	414,711
Office Equipment	11,266	-	(5,386)	5,880
Office Furniture	39,806	-	-	39,806
Computer Equipment	40,369	-	(29,218)	11,151
	<u>6,474,522</u>	<u>-</u>	<u>(34,604)</u>	<u>6,439,918</u>
Less, accumulated depreciation:				
Building-Palm Avenue	2,115,364	157,667	-	2,273,031
Improvements	42,800	15,564	-	58,364
Improvements other than building	414,711	-	-	414,711
Office Equipment	9,633	1,633	5,386	5,880
Office Furniture	39,806	-	-	39,806
Computer Equipment	40,369	-	29,218	11,151
	<u>2,662,683</u>	<u>174,864</u>	<u>34,604</u>	<u>2,802,943</u>
Capital Assets, Net	<u>\$ 3,811,839</u>	<u>\$ (174,864)</u>	<u>\$ -</u>	<u>\$ 3,636,975</u>

Change in Capital Assets:

At the end of the fiscal year 2019, the Children's Board had \$7.4 Million invested in a variety of capital assets. The total assets have increased from FY 2018 because of the purchase of a building for the Children's Board Family Resource Center in Temple Terrace.

Long Term Debt

At September 30, 2019, the Children's Board had \$3.12 million in long-term debt versus \$2.83 million at September 30, 2018, a net change of \$.29 million and 10.2 percent. This obligation is comprised of compensatory vacation, sick leave and pension liabilities accrued. The net change consists of additions which occurred when additional leave was accrued, deletions which occurred when leaves were used and net post-employment benefits earned by employees during the year.

Section 125.901(3) (a) 6, Florida Statutes, (as it existed prior to October 1, 1990) states that the Children's Board has the power and duty to lease or buy such real estate, equipment, and personal property and to construct such buildings as are needed to execute the foregoing powers and duties, provided that no such purchases shall be made or building done except for cash with funds on hand.

More detail information on capital assets and long-term debt are provided in notes 3, 4, and 5 to the financial statements.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Children's Board considered many factors when setting the fiscal year 2019 budget and millage rate. The Children's Board promotes the well-being of children and families by uniting community partners, investing in innovative opportunities, and leading the county in best practices—so the whole community can realize its full potential. The organization funds programs and services for children and families throughout Hillsborough County. The primary result of Children's Board funding is that children are healthy and have acquired the developmental foundations needed to succeed in school and in life.

The Children's Board strategically funds faith based and non-profit organizations for services, personnel, programs, and supports that are proven to improve the lives of children and families. The Children's Board also funds training, technical assistance, capacity building, neighborhood initiatives and advocacy activities to create positive community conditions that benefit children and families. The Children's Board identifies child, family, and community needs; determines the best programs and services to fund; selects and contracts with the best program/service providers; and monitors program performance. The Children's Board evaluates the impact of its programs and participates in service and systems planning. Staff support is provided for technical assistance and training to support providers.

The Hillsborough County Property Appraiser's Office reassessed Just Values for market value increases on the 2019 tax rolls presented to the taxing authorities. Accordingly, ad valorem revenues for the Children's Board are budgeted to increase by \$3.8 million for a total of \$45.5 million for fiscal year 2020 with a millage rate remaining at .4589.

The continuation of the Children's Board Strategic Investment plan and current economic conditions were considered when adopting the general fund budget for fiscal year 2020. The total budget for FY 2020 is \$51.9 million, a net increase of 8.79 percent over the final 2019 budget of \$47.7 million. The Children's Board will appropriate \$3.5 million from fund balance in fiscal year 2020.

This space left blank intentionally

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2019 and 2018

Contacting the Children's Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Children's Board's finances and to demonstrate the Children's Board's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact:

Tonia Williams, Director of Finance
Children's Board of Hillsborough County
1002 E. Palm Avenue
Tampa, FL 33605
Telephone (813) 229-2884
or visit the Children's Board's web site at
www.childrensboard.org



Children's Board
HILLSBOROUGH COUNTY

www.ChildrensBoard.org

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENTS OF NET POSITION
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents and Investments (Note 2)	\$ 16,080,362	\$ 14,354,302
Receivables:		
Ad Valorem Taxes	343,965	252,730
Other	392,852	350,483
Total Receivables	736,817	603,213
Prepaid Expenses	23,000	26,100
Total Current Assets	<u>16,840,179</u>	<u>14,983,615</u>
Noncurrent Assets		
Designated Assets		
Cash and Cash Equivalents and Investments (Note 2)		
Future Commitments	18,554,405	14,249,878
Minimum Operating Expenses	2,598,850	2,388,909
Building and Capital Reserve	313,119	229,591
Total Designated Assets	<u>21,466,374</u>	<u>16,868,378</u>
Capital Assets (Note 3)		
Land	1,382,724	1,082,724
Property and Equipment	6,026,452	5,357,194
	7,409,176	6,439,918
Less: Accumulated Depreciation	<u>(2,976,174)</u>	<u>(2,802,943)</u>
Net Capital Assets	<u>4,433,002</u>	<u>3,636,975</u>
Total Assets	<u>42,739,555</u>	<u>35,488,968</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension (Note 4)	<u>939,626</u>	<u>958,809</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENTS OF NET POSITION
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 246,530	\$ 99,337
Contracts Payable	5,535,564	4,706,657
Accrued Salaries, Wages and Benefits	138,733	117,955
Other Liabilities (Note 6)	13,168	23,779
Total Current Liabilities	<u>5,933,995</u>	<u>4,947,728</u>
Noncurrent Liabilities		
Accrued Compensated Absences (Note 5)	230,561	313,790
Net Pension Liability (Note 4)	<u>2,891,886</u>	<u>2,515,144</u>
Total Liabilities	<u>9,056,442</u>	<u>7,776,662</u>
DEFERRED INFLOWS OF RESOURCES		
Pension (Note 4)	<u>262,388</u>	<u>368,336</u>
NET POSITION		
Net Investment in Capital Assets	4,433,002	3,636,975
Unrestricted	<u>29,927,349</u>	<u>24,665,804</u>
Total Net Position	<u>\$ 34,360,351</u>	<u>\$ 28,302,779</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENTS OF ACTIVITIES
Years ended September 30, 2019 and 2018

	2019	2018
Expenses		
Program	\$ 32,580,269	\$ 29,084,247
Operating	5,096,351	4,465,176
Non-Operating	1,144,000	1,062,772
Unallocated Depreciation (Note 3)	173,231	174,864
Total Expenses	<u>38,993,851</u>	<u>34,787,059</u>
Revenues		
Ad Valorem Taxes	42,440,445	38,597,498
Investment Income	1,163,907	721,353
Administrative Services Organization Funding	1,010,658	511,185
Other Community Partner Funding	289,758	301,687
Miscellaneous Income	146,655	56,426
Total Revenues	<u>45,051,423</u>	<u>40,188,149</u>
Change in Net Position	6,057,572	5,401,090
Net Position, Beginning of Year	28,302,779	22,901,689
Net Position, End of Year	<u>\$ 34,360,351</u>	<u>\$ 28,302,779</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
BALANCE SHEETS – GOVERNMENTAL FUND
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents and Investments (Note 2)	\$ 16,080,362	\$ 14,354,302
Receivables		
Ad Valorem Taxes	343,965	252,730
Other	392,852	350,483
Prepaid Expenditures	23,000	26,100
Designated Assets		
Cash and Cash Equivalents and Investments (Note 2)		
Future Commitments	18,554,405	14,249,878
Minimum Operational Expenditures	2,598,850	2,388,909
Building and Capital Reserve	313,119	229,591
Total Assets	<u>\$ 38,306,553</u>	<u>\$ 31,851,993</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 240,530	\$ 99,337
Contracts Payable	5,535,564	4,706,657
Accrued Salaries, Wages and Benefits	138,733	117,955
Other Liabilities	3,182	117
Total Liabilities	<u>5,924,009</u>	<u>4,924,066</u>
FUND BALANCE		
Nonspendable Fund Balance		
Prepaid Expenditures	23,000	26,100
Committed Fund Balance		
Building and Capital Reserve	313,119	229,591
Minimal Operational Expenditures	2,598,850	2,388,909
Assigned Fund Balance		
Future Commitments of Current Programs	18,554,405	14,249,878
Unassigned Fund Balance		
Unassigned Funds	<u>10,893,170</u>	<u>10,033,449</u>
Total Fund Balance	<u>32,382,544</u>	<u>26,927,927</u>
Total Liabilities and Fund Balance	<u>\$ 38,306,553</u>	<u>\$ 31,851,993</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO THE STATEMENTS OF NET POSITION
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Total Governmental Fund Balance	\$ 32,382,544	\$ 26,927,927
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,433,002	3,636,975
Deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	939,626	958,809
Deferred inflows of resources related to pensions	(262,388)	(368,336)
Some liabilities applicable to the Children's Board's governmental activities are not due and payable in the current period and are not reported as fund liabilities.		
Compensated absences	(240,547)	(337,452)
Net pension liability	(2,891,886)	(2,515,144)
Net Position of Governmental Activities	<u>\$ 34,360,351</u>	<u>\$ 28,302,779</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Ad Valorem Taxes	\$ 42,440,445	\$ 38,597,498
Investment Income	1,163,907	721,353
Administrative Services Organization	1,010,658	511,185
Other Community Partner Funding	289,758	301,687
Miscellaneous Income	146,655	56,426
Total Revenues	<u>45,051,423</u>	<u>40,188,149</u>
Expenditures		
Program		
Continuation and New Funding	<u>32,580,269</u>	<u>29,084,247</u>
Total Program	<u>32,580,269</u>	<u>29,084,247</u>
Operating		
Salaries	2,846,577	2,567,266
Employee Benefits	1,068,422	964,940
Contracted Professional Services	375,839	326,436
Facility Expenditures	344,685	244,469
Professional Development	54,360	35,097
Other Operating	213,396	201,664
Total Operating	<u>4,903,279</u>	<u>4,339,872</u>
Non-Operating		
Capital Outlay	969,258	-
Local Government Fees	<u>1,144,000</u>	<u>1,062,772</u>
Total Expenditures	<u>39,596,806</u>	<u>34,486,891</u>
Net Change in Fund Balance	5,454,617	5,701,258
Fund Balance, Beginning of Year	<u>26,927,927</u>	<u>21,226,669</u>
Fund Balance, End of Year	<u>\$ 32,382,544</u>	<u>\$ 26,927,927</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES
Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net Change in Fund Balance - Total Governmental Funds	\$ 5,454,617	\$ 5,701,258
Amounts reported for governmental activities in the statement of activities are different because:		
Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. These expenses are:		
Compensated Absences	96,905	(23,825)
Pension Expense	(289,977)	(101,479)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		
	<u>796,027</u>	<u>(174,864)</u>
Change in Net Position of Governmental Activities	<u>\$ 6,057,572</u>	<u>\$ 5,401,090</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity: The Children's Board of Hillsborough County (the Children's Board) is authorized under section 125.901, Florida Statutes (Chapter 86-197, Laws of Florida). The Children's Board was established as an independent special district by the approval of county voters in 1988 and the effective date of the creation of the Children's Board was January 1, 1989. As authorized in Section 31 of Chapter 90-288, Laws of Florida, the Children's Board operates under the provisions of section 125.901, Florida Statutes, as they existed prior to October 1, 1990.

The mission of the Children's Board is: The Children's Board invests in partnerships and quality programs to support the success of all children and families in Hillsborough County.

The primary focus of the Children's Board investments in the community is to support programs that strive to ensure children are ready to learn, developmentally on track, healthy and in safe and stable environments.

The Children's Board is constantly surveying the community for the needs of children and families; reviewing local data and supporting programming that aligns with the Mission to meet those needs. Program investments are monitored and evaluated individually for performance and our focus areas are then analyzed for community impact.

The Children's Board funds training, technical assistance, capacity building, neighborhood initiatives and emerging community needs that were otherwise not anticipated. All of these funding streams blend together to create positive community conditions that benefit children and families.

The Children's Board has been determined to be an "Independent Special District" as described in Section 189.403, Florida Statutes, and is an "Other Stand-Alone Government" as defined by Governmental Accounting Standards Board (GASB) of the Financial Accounting Foundation Statement No. 14, *The Financial Reporting Entity*. An Other Stand-Alone Government does not have a separately elected governing body and does not meet the definition of a component unit of a primary government, as defined. The Children's Board is authorized to levy an ad valorem tax of up to one-half mil (\$.0005) on the taxable value of real and tangible personal property within the jurisdiction of its members. The Children's Board's ad valorem taxes are assessed as part of the annual assessment of Hillsborough County, which levies its taxes November 1 of each year. Collection of taxes is scheduled for November through the following March. Taxes become delinquent April 1 and tax certificates placing liens on the property are sold May 31.

The significant accounting policies followed are described below.

Basis of Accounting and Presentation: The financial statements of the Children's Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles.

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information on all of the activities of the Children's Board as a whole.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the way governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Net position is reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Governmental Fund Financial Statements: The financial transactions of the Children's Board are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balance, revenues and expenditures/expenses.

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 Children's Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due and executed.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise of a hierarchy based primarily on the extent to which the Children's Board is bound to honor constraints on the specific purpose for which amounts in their fund can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. As of September 30, 2019 and 2018, there are no restricted fund balances.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Children's Board highest level of decision making authority, the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Children's Board removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned – This component consists of amounts that are constrained by the Children's Board intent to be used for specific purposes, but are neither restricted nor committed. The Executive Director has been given the authority to assign specific items of fund balance as expressed in the Children's Board Fund Balance Policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

In general, restricted funds are used first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. For unrestricted fund balance, the order in which resources shall be spent is committed, assigned, and then unassigned.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

The General Fund is the general operating fund of the Children's Board. It is used to account for all financial resources except those required to be accounted for in other funds.

Net Position: Net Position presents the difference between assets and liabilities in the statements of net position. Net position is reported as restricted when there are legal limitations imposed on their use by laws or regulations of other governments or external restrictions by creditors or grantors. An unrestricted net position may be designated for specific purposes at the option of the Board of Directors. If restricted and unrestricted net positions are available for the same purpose, then the restricted position will be used before unrestricted position.

Designated Assets: Designated assets represent cash, cash equivalents, and investments committed or assigned by the Board of Directors or Executive Officers, for building and capital reserve, minimal operating expenditures, and future commitments. Committed assets are restricted for use by formal action of the Board. Assigned assets are those assets intended for a specific use by the executives of the Children's Board. As of September 30, 2019 and 2018 there are designated assets of \$21,466,374 and \$16,868,378, respectively.

Accounting Pronouncements Adopted During the Year: The following GASB pronouncements were adopted by the Children's Board during the year ended September 30, 2019. Adoption of these pronouncements did not have a material impact on the Children's Board financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations* – This Statement improves the accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. This Statement requires certain disclosures such as information about the nature of a government's AROs, methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This Statement also requires how funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. The provisions of this statement are effective for fiscal years beginning after June 15, 2018. The implementation of this pronouncement did not have a material impact on the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* – This Statement improves the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt as a liability that arises from a contractual obligation to pay cash or other assets in one or more payments to settle an amount that is fixed as the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The implementation of this pronouncement did not have a material impact on the financial statements.

Tax-Exempt Status: As a governmental unit, the Children's Board is generally exempt from federal and state income taxes.

Estimates: The preparation of financial statements in conformity with GAAP requires the use of estimates that affect certain reported amounts and disclosures. These estimates are based on management's knowledge and experience. Accordingly, actual results could differ from these estimates.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Budgets: A formal budget is adopted for the general fund on a GAAP basis and is used as a limitation on expenditures. The original version of the budget was approved by the Board of Directors of the Children's Board on August 23, 2018 and became effective on October 1, 2018. After final approval, no reductions or increases are permitted, except for adjustments in the administrative budget, without the approval of the Board of Directors. The Executive Director is permitted to change the category amounts within the administrative budget by 10% so long as the aggregate administrative budget is not increased. The Executive Director may, by approval of the funded agency, adjust the line items of program budgets of funded agencies, including transfer of funds between programs operated by the same agency, and provided such transfers do not increase the aggregate allocation to the agency approved by the Board. Appropriations lapse at yearend and budgetary control is at the fund level.

Cash and Cash Equivalents and Investments: Cash consists of checking accounts, collectively designated as demand deposits. Cash deposits are carried at cost. The Children's Board considers all highly liquid debt instruments (including restricted assets) with original maturities of three months or less to be cash equivalents. Cash equivalents are recorded at amortized cost, which approximates market value. The investments constitute the fair value of the shares in the Local Government Surplus Funds Trust Fund for fiscal years 2019 and 2018.

Capital Assets: Capital assets with an original value of \$5,000 or more, and additions, improvements and other capital outlays having an original cost of \$5,000 or more that significantly extend the useful life are capitalized. Capital assets are accounted for in the government-wide statements, rather than in the fund financial statements. Routine maintenance, repairs, renewals and replacement costs are charged against operations.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The depreciation on assets, where disclosed, is provided using the straight-line method over the following estimated useful lives:

Buildings	30 years
Improvements	7 years
Improvements other than building	10 years
Office equipment	5 years
Office furniture	7 years
Computer equipment	3 years

Contracts Payable: Contracts payable represents the Children's Board's liability to funded agencies for expenditures incurred under approved contracts which had not been paid by the Children's Board at year end.

Compensated Absences: Following Hillsborough County's Civil Service Law and pursuant to the Rules of the Civil Service Board, full-time, classified, permanent employees earn a paid vacation of two calendar weeks (10 working days) a year, increasing on a graduated scale to a maximum period of four calendar weeks (20 working days) after 15 years of service. Unclassified employees earn a paid vacation of three calendar weeks (15 working days) a year increasing on a graduated scale to a maximum period of six calendar weeks (30 working days) after 15 years of service.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Prior to February 2, 1997, all employees could accrue vacation without limit for use during the period of active employment, but payments of unused vacation for classified employees generally were limited to two times the number of days that the employee was entitled to accrue on an annual basis. However, effective on February 2, 1997, payments for unused annual leave are now subject to a limit of 320 hours or the employee's balance of accrued leave before February 2, 1997, whichever is greater.

In accordance with Statement No. 16 of GASB, *Accounting for Compensated Absences*, the compensated absences liability represents an accrual for vacation and sick leave and is calculated based on the pay or salary rates in effect at the balance sheet date. Additionally, accruals have been made for salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date. The salary-related payments subject to this accrual are those items for which an employer is liable to make a payment directly and incrementally associated with payments made for compensated absences on termination. Accordingly, the Children's Board has recognized 7.65% of the compensated absences liability, representing its share of the Social Security and Medicare taxes. An accrual is also made for the pension cost related to Florida Retirement Service and the ICMA 457 Plan for compensated absence calculations.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the Florida Retirement System (FRS or the System) and additions to/deductions from FRS' plan net position has been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Property Taxes: Property tax collections are governed by Chapter 197, Florida Statutes. The Hillsborough County Tax Collector bills and collects all property taxes levied within the County. Discounts of 4, 3, 2, and 1% are allowed for early payment in November, December, January, and February, respectively. The Tax Collector remits collected taxes at least monthly to the Children's Board. The Children's Board recognizes property tax revenue as it is received at the government-wide level and at the government fund level. As such, the Children's Board does not reserve an amount for an allowance for doubtful accounts. The calendar of events is as follows:

January 1	Property taxes are based on assessed value at this date as determined by the Hillsborough County Property Appraiser.
July 1	Assessment roll approved by the state.
September 27	Millage resolution approved by the Board of Directors
October 1	Beginning of fiscal year for which taxes have been levied.
November 1	Property taxes due and payable.
November 30	Last day for 4% maximum discount.
April 1	Unpaid property taxes become delinquent.
May 15	Tax certificates are sold by the Hillsborough County Tax Collector. This is the first lien date on the properties.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

At September 30, 2019, the bank balance of the Children's Board deposits was \$884,683 and the book balance was \$857,063. At September 30, 2018, the bank balance of the Children's Board deposits was \$727,485, and the book balance was \$684,994. The difference between the Children's Board book amount and bank amount is due to outstanding checks in its demand deposit accounts.

Of the September 30, 2019 Children's Board bank balances, \$250,000 was covered by federal depository insurance (FDIC). Of the September 30, 2018 bank balances, \$250,000 was covered by FDIC. The State of Florida collateral pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if its member institution fails. Required collateral is defined under Chapter 280 of the Florida Statutes, *Security for Public Deposits*.

Custodial Credit Risk – Deposits: Custodial risk is the risk that in the event of bank failure, the Children's Board's deposits may not be returned to it. Florida Statutes require deposits by governmental units in a financial institution be collateralized. The State of Florida maintains control over the collateral requirements and authorizes certain financial institutions to act as depositories for governmental units. The Children's Board maintains all accounts in financial institutions approved by the State of Florida.

Investments: The investment policy of the Children's Board is established in accordance with Florida Statutes Section 218.415, the Statutory Investment Policy Method. The objective of the investment policy is to ensure protection of principal, provide adequate liquidity and earn a competitive market rate of return. Florida Statutes also authorizes the Children's Board to invest excess funds in the Local Government Surplus Funds Trust Fund Investment Pool (Florida PRIME) administered by the State Board of Administration under the regulatory local government oversight of the State of Florida. The balance in that account on September 30, 2019 and September 30, 2018 was \$36,689,673 and \$30,537,686, respectively. Both of these types of investments are classified as Cash Equivalents on the Statement of Net Position and Balance Sheet due to the nature of the underlying securities and their corresponding liquidity. The Children's Board continues to monitor the economic environment in order to identify other investment options to maximize attainment of the investment policy objectives.

For fiscal year ended September 30, 2019, the Children's Board utilized a Public Funds Non-Interest-Bearing Checking account, with Wells Fargo Bank, for all banking transactions. The Children's Board also invested short term surplus funds in the Florida PRIME.

At September 30, 2019, the Children's Board's investments, with their corresponding ratings from Standard & Poor's, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Local Government Surplus Funds Trust Fund Florida Prime	\$ 36,689,673	AAAm
<u>Concentration of Credit Risk Issuer</u>	<u>Amount</u>	<u>% of Portfolio</u>
Local Government Surplus Funds Trust Fund Florida PRIME	\$ 36,689,673	100%

For fiscal year ended September 30, 2018, the Children's Board utilized a Public Funds Non-Interest-Bearing Checking account, with Wells Fargo Bank, for all banking transactions. The Children's Board also invested short term surplus funds in the Florida PRIME.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At September 30, 2018, the Children's Board's investments, with their corresponding ratings from Standard & Poor's, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Local Government Surplus Funds Trust Fund Florida Prime	\$ 30,537,686	AAAm

<u>Concentration of Credit Risk Issuer</u>	<u>Amount</u>	<u>% of Portfolio</u>
Local Government Surplus Funds Trust Fund Florida PRIME	\$ 30,537,686	100%

Concentration of Credit Risk: The Children's Board places no limit on the amount they may invest in any one issuer. The majority of the Board's investments are in the Local Government Surplus Funds Trust Fund Florida PRIME account.

Investment Rate Risk: As a means of limiting its exposure to fair market value losses arising from interest rates, the Children's Board's investment policy is structured to provide sufficient liquidity to pay obligations as they come due. All of the Children's Board's investment portfolios were intended to have maturities of less than one year.

Withdrawal Limitations: As of September 30, 2019, and 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that served to limit the Children's Board's daily access to 100 percent the account balance held at the Florida Prime.

As of September 30, 2019, the Children's Board has the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>Less than 1</u>	<u>1 - 3</u>	<u>3 - 5</u>	<u>5 - 10</u>	<u>10 - 20</u>
Local Government Surplus Funds Trust Fund Florida PRIME	\$ 36,689,673	\$ 36,689,673	\$ -	\$ -	\$ -	\$ -

As of September 30, 2018, the Children's Board had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>Less than 1</u>	<u>1 - 3</u>	<u>3 - 5</u>	<u>5 - 10</u>	<u>10 - 20</u>
Local Government Surplus Funds Trust Fund Florida PRIME	\$ 30,537,686	\$ 30,537,686	\$ -	\$ -	\$ -	\$ -

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and cash equivalents are reported in the accompanying statements of net position as follows:

	2019	2018
Current assets		
Cash and cash equivalents	\$ 16,080,362	\$ 14,354,302
Designated assets		
Cash and cash equivalents	21,466,374	16,868,378
	<u>\$ 37,546,736</u>	<u>\$ 31,222,680</u>

The statement of net position classifications are summarized by investment categories as follows:

	2019	2018
Cash	\$ 857,063	\$ 684,994
Local Government Surplus Funds Trust		
Florida PRIME	36,689,673	30,537,686
	<u>\$ 37,546,736</u>	<u>\$ 31,222,680</u>

NOTE 3 - CAPITAL ASSETS

	Balance 09/30/18	Additions	Retirements/ Transfers	Balance 09/30/19
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Land-FRC Temple Terrace	-	300,000	-	300,000
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Building-FRC Temple Terrace	-	650,000	-	650,000
Improvements	155,638	-	-	155,638
Construction-in-Progress	-	19,258	-	19,258
Improvements other than building	414,711	-	-	414,711
Office Equipment	5,880	-	-	5,880
Office Furniture	39,806	-	-	39,806
Computer Equipment	11,151	-	-	11,151
	<u>6,439,918</u>	<u>969,258</u>	<u>-</u>	<u>7,409,176</u>
Less, accumulated depreciation:				
Building-Palm Avenue	2,273,031	157,667	-	2,430,698
Building-FRC Temple Terrace	-	-	-	-
Improvements	58,364	15,564	-	73,928
Improvements other than building	414,711	-	-	414,711
Office Equipment	5,880	-	-	5,880
Office Furniture	39,806	-	-	39,806
Computer Equipment	11,151	-	-	11,151
	<u>2,802,943</u>	<u>173,231</u>	<u>-</u>	<u>2,976,174</u>
Capital Assets, Net	<u>\$ 3,636,975</u>	<u>\$ 796,027</u>	<u>\$ -</u>	<u>\$ 4,433,002</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance 09/30/17	Additions	Retirements/ Transfers	Balance 09/30/18
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	155,638	-	-	155,638
Improvements other than building	414,711	-	-	414,711
Office Equipment	11,266	-	(5,386)	5,880
Office Furniture	39,806	-	-	39,806
Computer Equipment	40,369	-	(29,218)	11,151
	<u>6,474,522</u>	<u>-</u>	<u>(34,604)</u>	<u>6,439,918</u>
Less, accumulated depreciation:				
Building-Palm Avenue	2,115,364	157,667	-	2,273,031
Improvements	42,800	15,564	-	58,364
Improvements other than building	414,711	-	-	414,711
Office Equipment	9,633	1,633	5,386	5,880
Office Furniture	39,806	-	-	39,806
Computer Equipment	40,369	-	29,218	11,151
	<u>2,662,683</u>	<u>174,864</u>	<u>34,604</u>	<u>2,802,943</u>
Capital Assets, Net	\$ 3,811,839	\$ (174,864)	\$ -	\$ 3,636,975

Depreciation expense during the year ended September 30, 2019 and 2018 was \$173,231 and \$174,864, respectively. These amounts are included in depreciation in the accompanying Government-wide statement of activities and changes in net position.

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS

All of the Children's Board's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature establishes and may amend the contribution requirements and benefit terms of all FRS plans. The plan administrator for FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000; or at the Division's website (www.frs.myflorida.com).

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership for the Children's Board are as follows: • Regular Class - Members of the FRS who do not qualify for membership in the other classes • Senior Management Service Class (SMSC) - Members in senior management level positions. Employees enrolled in the Pension Plan prior to July 1, 2011, vest after six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011, vest after eight years of creditable service. Regular Class and SMSC members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. Members in these classes initially enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5.0% benefit reduction for each year prior to the normal retirement age.

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July, and earn monthly interest equivalent to an annual rate of 1.30%. DROP participants with an effective DROP commencement date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

The following chart shows the percentage value for each year of service credit earned.

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value (Per Year of Service)
Regular Class Members Initially Enrolled Before July, 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement up to age 63 or up to 31 years of service	1.63%
Retirement up to age 64 or up to 32 years of service	1.65%
Retirement up to age 65 or up to 33 years of service	1.68%
Regular Class Members Initially Enrolled On or After July, 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement up to age 66 or up to 34 years of service	1.63%
Retirement up to age 66 or up to 35 years of service	1.65%
Retirement up to age 67 or up to 36 years of service	1.68%
Senior Management Service Class	2.00%

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July. If the member was initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before that time, the annual COLA is 3.0% per year. The annual COLA for retirees with an effective retirement date or DROP date beginning on or after August 1, 2011, who were initially enrolled before July 1, 2011, is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

Contributions - Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

The employer contribution rates by job class for the periods from July 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019, respectively, were as follows: Regular – 6.54% and 6.75%, Senior Management Service - 22.34% and 23.69% and DROP participants 12.37% and 12.94%. The employer contribution rates by job class for the period from July 1, 2017 through June 30, 2018 were as follows: Regular – 6.20%, Senior Management Service – 20.99% and DROP participants 11.60%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal years ended September 30, 2019 and 2018, contributions, including employee contributions of \$64,174 and \$61,268, to the Pension Plan for the Children's Board totaled \$215,726 and \$198,256, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2019 and 2018, the Children's Board reported liabilities of \$1,986,847 and \$1,696,530, respectively, for its proportionate share of the Pension Plan's net pension liability. The net pension liabilities were measured as of June 30, 2019 and June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2019 and July 1, 2018. The Children's Board's proportionate share of the net pension liability was based on its share of the Children's Board's 2018-2019 and 2017-2018 fiscal year contributions relative to the 2018-2019 and 2017-2018 fiscal year contributions of all participating members. At June 30, 2019, the Children's Board's proportionate share was 0.005769244%, which was an increase of 0.000136772% from its proportionate share measured as of June 30, 2018. At June 30, 2018, the Children's Board's proportionate share was 0.005632472%, which was a decrease of 0.000125312% from its proportionate share measured at June 30, 2017.

For the fiscal years ended September 30, 2019 and 2018, the Children's Board recognized pension expense of \$279,373 and \$100,405, respectively. In addition, the Children's Board reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

As of September 30, 2019	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 117,846	\$ 1,233
Change of assumptions	510,307	-
Net differences between projected and actual earnings on pension plan investments	-	109,923
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	53,456	28,378
Children's Board contributions subsequent to the measurement date	46,806	-
Total	<u>\$ 728,415</u>	<u>\$ 139,534</u>

As of September 30, 2018	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 143,722	\$ 5,216
Change of assumptions	554,343	-
Net differences between projected and actual earnings on pension plan investments	-	131,078
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	40,067	64,236
Children's Board contributions subsequent to the measurement date	40,335	-
Total	<u>\$ 778,467</u>	<u>\$ 200,530</u>

The deferred outflows of resources as of September 30, 2019 related to the Pension Plan for the Children's Board resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year ended September 30:	
2020	\$ 187,357
2021	64,555
2022	145,121
2023	107,215
2024	29,495
Thereafter	8,332
Totals	<u>\$ 542,075</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions:

	2019	2018
Inflation	2.60%	2.60%
Salary Increases	3.25%	3.25%
Investment Rate of Return	6.90%	7.00%
Mortality Rates	PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018	Generational RP-2000 with Projection Scale BB tables

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. Assumption changes adopted by the FRS Assumptions Conference were incorporated into the July 1, 2019 valuation.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead was based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

As of September 30, 2019:

Asset Class	Target Allocation*	Annual Arithmetic Return	Compunt Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.20%
Fixed Income	18.00%	4.10%	4.10%	3.50%
Global Equity	54.00%	8.00%	6.80%	16.50%
Real Estate (Property)	10.00%	6.70%	6.10%	11.70%
Private Equity	11.00%	11.20%	8.40%	25.80%
Strategic Investment	6.00%	5.90%	5.70%	6.70%
Total	100.00%			
Assumed Inflation - Mean			2.60%	1.70%

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

As of September 30, 2018:

Asset Class	Target Allocation*	Annual Arithmetic Return	Compunt Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.80%
Fixed Income	18.00%	4.40%	4.30%	4.00%
Global Equity	54.00%	7.60%	6.30%	17.00%
Real Estate (Property)	11.00%	6.60%	6.00%	11.30%
Private Equity	10.00%	10.70%	7.80%	26.50%
Strategic Investment	6.00%	6.00%	5.70%	8.60%
Total	100.00%			
Assumed Inflation - Mean			2.60%	1.90%

*As in the Pension Plan's investment policy.

Discount Rate - The discount rate used to measure the total pension liability as of July 1, 2019 and 2018 was 6.90% and 7.00%, respectively. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Children's Board's proportionate share of the net pension liability calculated using the discount rate of 6.90% and 7.00%, respectively, as of June 30, 2019 and 2018, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

As of June 30, 2019		1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Proportional Share of the Net Pension Liability	\$	3,434,597	\$ 1,986,847	\$ 777,731
As of June 30, 2018		1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportional Share of the Net Pension Liability	\$	3,096,238	\$ 1,696,530	\$ 533,989

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

Payables to the Pension Plan - At September 30, 2019 and 2018, the Children's Board reported no payables outstanding for contributions to the Pension Plan required for the fiscal years ended September 30, 2019 and 2018.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

HIS Plan

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

Benefits Provided - For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for the periods from July 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019 were 1.66%. The employer contribution rate for the period from July 1, 2017 through June 30, 2018 was 1.66%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

For the fiscal years ended September 30, 2019 and 2018, contributions to the HIS Plan for the Children's Board totaled \$44,906 and \$41,935, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2019 and 2018, the Children's Board reported liabilities of \$905,039 and \$818,614 respectively, for its proportionate share of the HIS Plan's net pension liability. The net pension liability measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2018. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2019 using a standard actuarial roll-forward technique. The Children's Board's proportionate share of the net pension liability was based on its share of the 2018-2019 and 2017-2018 fiscal year contributions of all participating members. At June 30, 2019, the Children's Board's proportionate share was 0.008088652%, which was an increase of 0.000354282% from its proportionate share measured as of June 30, 2018. At June 30, 2018, the Children's Board's proportionate share was 0.007734370%, which was a decrease of 0.000164693% from its proportionate share measured at June 30, 2017.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

For the fiscal years ended September 30, 2019 and 2018, the Children's Board recognized pension expense of \$10,604 and \$1,074, respectively. In addition, the Children's Board reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

As of September 30, 2019	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 10,993	\$ 1,108
Change of assumptions	104,795	73,971
Net differences between projected and actual earnings on pension plan investments	584	-
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	83,248	47,775
Children's Board contributions subsequent to the measurement date	11,591	-
Total	<u>\$ 211,211</u>	<u>\$ 122,854</u>
As of September 30, 2018	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 12,533	\$ 1,391
Change of assumptions	91,040	86,551
Net differences between projected and actual earnings on pension plan investments	494	-
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	66,344	79,864
Children's Board contributions subsequent to the measurement date	9,931	-
Total	<u>\$ 180,342</u>	<u>\$ 167,806</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

The deferred outflows of resources as of September 30, 2019 related to the HIS Plan resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows (dollars in thousands):

Year ended September 30:	
2020	\$ 5,364
2021	25,667
2022	24,010
2023	4,585
2024	4,994
Thereafter	12,146
Totals	<u>\$ 76,766</u>

Actuarial Assumptions - Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2018 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2019. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2019 using a standard actuarial roll-forward technique. The total pension liabilities as of June 30, 2019 and 2018 were determined using the following actuarial assumptions:

	2019	2018
Inflation	2.60%	2.60%
Salary Increases	3.25%	3.25%
Discount Rate	3.50%	3.87%
Mortality Rates	Generational RP-2000 with Projection Scale BB tables	Generational RP-2000 with Projection Scale BB tables

The actuarial assumptions that determined the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2018 valuation was updated from 3.87% to 3.50%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2019.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

**Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Children's Board's proportionate share of the net pension liability calculated as of June 30, 2019 and 2018 using the discount rate of 3.50% and 3.87%, respectively, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50% and 2.87%) or one percentage point higher (4.50% and 4.87%) than the current rate:*

As of June 30, 2019	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Proportional Share of the Net Pension Liability	\$ 1,033,149	\$ 905,039	\$ 798,339

As of June 30, 2018	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Proportional Share of the Net Pension Liability	\$ 968,805	\$ 818,614	\$ 723,806

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

Payables to the HIS Plan - At September 30, 2019 and 2018, the Children's Board reported no payables outstanding for contributions to the HIS plan required for the fiscal years ended September 30, 2019 and 2018.

The aggregate net pension liability, deferred inflows of resources related to pensions, deferred outflows or resources related to pensions, and pension expense for the Children's Board as of September 30, 2019 are as follows:

As of September 30, 2019	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 728,415	\$ 211,211	\$ 939,626
Net pension liability	1,986,847	905,039	2,891,886
Deferred inflows of resources related to pensions	139,534	122,854	262,388
Pension expense	279,373	10,604	289,977

As of September 30, 2018	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 778,467	\$ 180,342	\$ 958,809
Net pension liability	1,696,530	818,614	2,515,144
Deferred inflows of resources related to pensions	200,530	167,806	368,336
Pension expense	100,405	1,074	101,479

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. Children's Board employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% through June 30, 2019 and 0.06% starting July 1, 2019, of payroll and by forfeited benefits of plan members. Effective July 1, 2012, allocations to the investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30% and Senior Management Service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal years ended September 30, 2019 and 2018, the information for the amount of forfeitures was unavailable from the SBA, however, management believes that these amounts, if any, would be immaterial to the Children's Board.

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

The Investment Plan pension expense for the Children's Board totaled \$67,435 and \$56,990 respectively for the fiscal years ended September 30, 2019 and 2018.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS (Continued)

Payables to the Investment Plan - At September 30, 2019 and 2018, the Children's Board reported no payables outstanding for contributions to the Investment Plan required for the fiscal years ended September 30, 2019 and 2018.

Deferred Compensation Plan

The Children's Board offers its permanent employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The International City Managers Association (ICMA) administers the plan. The plan is available to all permanent employees, which allows a deferral of a portion of their wages until future years. The Children's Board contributes 1.5% of compensation. A distribution from the deferred compensation plan to an employee is allowed at termination of employment, retirement, death, or under certain emergencies. Vesting is simultaneous with the contribution. Employees are allowed to contribute on a pre-tax basis not to exceed amounts dictated by U.S. Treasury Regulations. Employer contributions during the years ended September 30, 2019 and 2018 were \$42,107 and \$38,064, respectively.

Post-Employment Benefits Other Than Pensions

The Children's Board participates in Hillsborough County, Florida's health system (Health Plan) which provides for a postemployment health benefit subsidy. The subsidy is funded by a \$20 per employee per month employer contribution during active service. The Children's Board implemented GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" for FY 2018. The OPEB liability and/or revenue and expense associated with the Children's Board's participation in the Health Plan along with the related disclosures and required supplementary information are not considered material to the Children's Board financial statements. For FY 2019 and FY 2018, the Children's Board's funding to the Health Plan related to the subsidy was \$7,900 and \$7,120, respectively. The Health Plan does not issue separate financial statements. Refer to the Hillsborough County, Florida's financial statements for more information on the Health Plan.

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended September 30, 2019 and 2018 is comprised of the following for accrued compensated absences:

	Balance 09/30/2018	Additions	Reductions	Balance 09/30/2019
Accrued annual leave	\$ 245,866	\$ 187,895	\$ (202,489)	\$ 231,272
Accrued sick leave	91,586	69,535	(151,846)	9,275
Net pension liability	<u>2,515,144</u>	<u>692,169</u>	<u>(315,427)</u>	<u>2,891,886</u>
	<u>\$ 2,852,596</u>	<u>\$ 949,599</u>	<u>\$ (669,762)</u>	<u>\$ 3,132,433</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 5 - LONG-TERM LIABILITIES (Continued)

	Balance 09/30/2017	Additions	Reductions	Balance 09/30/2018
Accrued annual leave	\$ 229,017	\$ 177,461	\$ (160,612)	\$ 245,866
Accrued sick leave	84,610	77,423	(70,447)	91,586
Net pension liability	<u>2,547,718</u>	<u>385,981</u>	<u>(418,555)</u>	<u>2,515,144</u>
	<u>\$ 2,861,345</u>	<u>\$ 640,865</u>	<u>\$ (649,614)</u>	<u>\$ 2,852,596</u>

The current portion of the above long-term liabilities for accrued annual leave and sick leave was \$9,986 and \$23,662 for September 30, 2019 and 2018, respectively.

NOTE 6 - OTHER LIABILITIES

Other Short-Term liabilities activity for the year ended September 30, 2019 and 2018 is comprised of the following:

	09/30/2019	09/30/2018
Other liabilities	\$ 3,182	\$ 117
Current portion of accrued compensated absences	<u>9,986</u>	<u>23,662</u>
Total other liabilities	<u>\$ 13,168</u>	<u>\$ 23,779</u>

NOTE 7 - FUND BALANCE

By resolution of the Board of Directors of the Children's Board the following have been internally reserved:

	2019	2018
Fund balances		
Nonspendable fund balance		
Prepaid expenditures	\$ 23,000	\$ 26,100
Committed fund balance		
Building and capital reserve	313,119	229,591
Minimal operational expenditures	2,598,850	2,388,909
Assigned fund balance		
Future commitments of current programs	18,554,405	14,249,878
Unassigned fund balance		
Unassigned funds	<u>10,893,170</u>	<u>10,033,449</u>
Total fund balance	<u>\$ 32,382,544</u>	<u>\$26,927,927</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 8 - ENCUMBRANCES

Encumbrance accounting is employed in governmental funds. \$477,413 was encumbered from fiscal year 2019 to FY 2020. There were no encumbrances from fiscal year 2018 to FY 2019.

NOTE 9 - CHILDREN'S BOARD FOUNDATION

The Children's Board of Hillsborough County entered into a Memorandum of Understanding (MOU) with the Children's Board Foundation, Inc. (CBF) for the purpose of assisting the Children's Board mission.

The purpose of this understanding is to ensure coordinated efforts to plan, provide, and support activities for children, families and service providers in Hillsborough County. The Foundation and the Children's Board support the promotion of health, well-being and development of all children in Hillsborough County.

This Agreement shall be effective from the date first set out and shall continue until terminated by either party. Either party may terminate this Agreement upon written notice to the other party specifying the date of termination which may be upon mailing of such notice.

As the basis for financial statement inclusion, the CBF meets the component unit test of GASB 14 as amended by GASB 61 at fiscal year-end 2019 and 2018. However, materiality and significant, as applied to CBF, was defined to be excluded from the consolidated financial statement presentation of the Children's Board.

NOTE 10 - RISK MANAGEMENT

The Children's Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; natural disasters and worker's compensation claims. These risks are covered by property and casualty insurance purchased from an independent third party. Settled claims from these risks have not exceeded the Children's Board's property and casualty coverage for the past three fiscal years.

This space left blank intentionally

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF THE CHILDREN'S BOARD PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	2019	2018	2017	2016	2015	2014
Children's Board proportion of the net pension liability (asset)	0.0058%	0.0056%	0.0058%	0.0054%	0.0055%	0.0054%
Children's Board proportionate share of the net pension liability (asset)	\$ 1,986,847	\$ 1,696,530	\$ 1,703,114	\$ 1,367,514	\$ 708,772	\$ 330,913
Children's Board covered payroll	\$ 2,705,199	\$ 2,526,177	\$ 2,517,807	\$ 2,304,347	\$ 2,095,744	\$ 2,015,719
Children's Board proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.45%	67.16%	67.67%	59.34%	33.82%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

The amounts presented for each fiscal year were determined as of June 30th.

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF THE CHILDREN'S BOARD CONTRIBUTIONS
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 215,726	\$ 198,256	\$ 186,117	\$ 169,522	\$ 167,520	\$ 157,450
Contributions in relation to the contractually required contribution	(215,726)	(198,256)	(186,117)	(169,522)	(167,520)	(157,450)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Children's Board covered payroll	2,705,199	2,526,177	2,517,897	2,304,347	2,095,744	2,015,719
Contributions as a percentage of covered payroll	7.97%	7.85%	7.39%	7.36%	7.99%	7.81%

The amounts presented for each fiscal year were determined as of June 30th.

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to required supplementary information:

Changes of assumptions: During the plan year ended June 30, 2019 the discount rate decreased from 7.00% to 6.90% and the mortality tables changed from Generational RP-2000 with Projection Scale BB tables to PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 SCHEDULE OF THE CHILDREN'S BOARD PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
 Florida Retirement System Health Insurance Subsidy
 Last Ten Fiscal Years*

	2019	2018	2017	2016	2015	2014
Children's Board proportion of the net pension liability (asset)	0.0081%	0.0077%	0.0079%	0.0075%	0.0069%	0.0068%
Children's Board proportionate share of the net pension liability (asset)	\$ 905,039	\$ 818,614	\$ 844,604	\$ 869,953	\$ 704,494	\$ 634,350
Children's Board covered payroll	\$2,705,199	\$2,526,177	\$2,517,807	\$2,304,347	\$2,095,744	\$2,015,719
Children's Board proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.46%	32.41%	33.55%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

The amounts presented for each fiscal year were determined as of June 30th.

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF THE CHILDREN'S BOARD CONTRIBUTIONS
Florida Retirement System Health Insurance Subsidy
Last Ten Fiscal Years*

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 44,906	\$ 41,935	\$ 41,796	\$ 38,252	\$ 26,406	\$ 24,189
Contributions in relation to the contractually required contribution	<u>(44,906)</u>	<u>(41,935)</u>	<u>(41,796)</u>	<u>(38,252)</u>	<u>(26,406)</u>	<u>(24,189)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Children's Board covered payroll	\$2,705,199	\$2,526,177	\$2,517,807	\$2,304,347	\$2,095,744	\$2,015,719
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

The amounts presented for each fiscal year were determined as of June 30th.

* This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to required supplementary information:

Changes of assumptions: During the plan year ended June 30, 2019 the discount rate decreased from 3.87% to 3.50%.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL – GOVERNMENT FUND
Year ended September 30, 2019 and 2018

	2019				2018			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Ad Valorem Taxes	\$ 41,771,412	\$ 41,771,412	\$ 42,440,445	\$ 669,033	\$ 37,969,389	\$ 37,969,389	\$ 38,597,498	\$ 628,109
Investment Income	756,000	756,000	1,163,907	407,907	333,000	333,000	721,353	388,353
Revenue Maximization Activities	-	-	-	-	45,300	45,300	-	(45,300)
Administrative Services Organization	1,405,000	1,405,000	1,010,658	(394,342)	410,000	710,000	511,185	(198,815)
Other Community Partner Funding	360,000	360,000	289,758	(70,242)	160,000	410,000	301,687	(108,313)
Miscellaneous Income	155,000	155,000	146,655	(8,345)	5,000	59,787	56,426	(3,361)
Total Revenues	<u>44,447,412</u>	<u>44,447,412</u>	<u>45,051,423</u>	<u>604,011</u>	<u>38,922,689</u>	<u>39,527,476</u>	<u>40,188,149</u>	<u>660,673</u>
Expenditures:								
Program								
Continuation and New Funding	41,248,693	39,848,493	32,580,269	7,268,224	33,615,126	34,165,126	29,084,247	5,080,879
Total Program	41,248,693	39,848,493	32,580,269	7,268,224	33,615,126	34,165,126	29,084,247	5,080,879
Operating								
Employee Salaries and Benefits	3,973,914	3,973,914	3,914,999	58,915	3,621,749	3,672,136	3,532,206	139,930
Contracted Professional Services	397,790	397,790	375,839	21,951	356,420	357,820	326,436	31,384
Facility Expenditures	554,902	554,902	344,685	210,217	307,131	307,131	244,469	62,662
Other Operating	305,945	305,945	267,756	38,189	297,262	300,262	236,761	63,501
Total Operating	5,232,551	5,232,551	4,903,279	329,272	4,582,562	4,637,349	4,339,872	297,477
Non-Operating								
Capital Expenditures	-	1,400,200	969,258	430,942	-	-	-	-
Local Government Fees	1,201,570	1,201,570	1,144,000	57,570	1,093,213	1,093,213	1,062,772	30,441
Total Expenditures	<u>47,682,814</u>	<u>47,682,814</u>	<u>39,596,806</u>	<u>8,086,008</u>	<u>39,290,901</u>	<u>39,895,688</u>	<u>34,486,891</u>	<u>5,408,797</u>
Excess (Expenditures) over Revenues	<u>(3,235,402)</u>	<u>(3,235,402)</u>	<u>5,454,617</u>	<u>8,690,019</u>	<u>(368,212)</u>	<u>(368,212)</u>	<u>5,701,258</u>	<u>6,069,470</u>
Fund Balance, Beginning of Year	<u>26,927,927</u>	<u>26,927,927</u>	<u>26,927,927</u>	<u>-</u>	<u>21,226,669</u>	<u>21,226,669</u>	<u>21,226,669</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 23,692,525</u>	<u>\$ 23,692,525</u>	<u>\$ 32,382,544</u>	<u>\$ 8,690,019</u>	<u>\$ 20,858,457</u>	<u>\$ 20,858,457</u>	<u>\$ 26,927,927</u>	<u>\$ 6,069,470</u>

DRAFT

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITOR'S 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**

Board of Directors
Children's Board of Hillsborough County
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Children's Board of Hillsborough County (the "Children's Board") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Children's Board's basic financial statements, and have issued our report thereon dated [REDACTED].

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Children's Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Children's Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Children's Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Children's Board's 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tampa, Florida
[REDACTED]

Board of Directors
Children's Board of Hillsborough County
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of the Children's Board of Hillsborough County (the "Children's Board"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated [REDACTED].

Auditor's Responsibility

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated [REDACTED], should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Children's Board was established as described in Footnote One. The Children's Board included the following component units: the Children's Board Foundation, Inc. which is disclosed in footnote nine.

(Continued)

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Children's Board 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 Children's Board did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Children's Board'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.

Other Matters

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuses that have occurred, or are likely to have occurred, that have an effect on the financial statement amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Tampa, Florida

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES**

Board Members
Children's Board of Hillsborough County
Tampa, Florida

We have examined the Children's Board of Hillsborough County's (the "Children's Board") compliance with Section 218.415, Florida Statutes, concerning the investment of public funds during the year ended September 30, 2019. Management of the Children's Board is responsible for the Children's Board compliance with the specified requirements. Our responsibility is to express an opinion on the Children's Board compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Children's Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Children's Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Children's Board compliance with specified requirements.

In our opinion, the Children's Board complied, in all material respects, with the requirements contained in Section 218.415, *Florida Statutes* for the year ended September 30, 2019.

The purpose of this report is solely to comply with Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Tampa, Florida