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**Children's Board**  
HILLSBOROUGH COUNTY

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

**FINANCIAL STATEMENTS**  
September 30, 2016 and 2015

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY

Tampa, Florida

FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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## 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, 2016 and 2015, 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, 2016 and 2015, 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.

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(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 March 29, 2017, 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.



Crowe Horwath LLP

Tampa, Florida  
March 29, 2017

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2016 and 2015

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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, 2016. Please read it in conjunction with the accompanying presented financial statements.

**Financial Highlights**

- The Hillsborough County ad valorem property tax base increased \$5.2 billion or 7.6 percent from fiscal year 2015 to 2016 because of the increase in property values. Total net ad valorem revenue increased \$2.4 million. The millage rate remained at .4589 mills per \$1,000 of property value.
- The overall change in revenue from fiscal year 2015 to 2016 was a net increase of \$2.6 million or 8.5 % primarily due to the increase in ad valorem revenue, an increase in investment income, and an increase in other community partner funding for summer services.
- Total program expenditures increased by \$1.4 million or 5.5% for fiscal year 2016, for a total of \$27.7 million (83% of the expenses).
- Governmental Fund balance increased \$.11 million or 0.6 percent for fiscal year 2016. This was less than the budgeted amount of spend down of the fund balance as expenditures were under budget.

**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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2016 and 2015

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**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:**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Assets:</b>			
Current and other Assets	\$ 13,671,422	\$ 12,566,003	\$ 9,847,479
Designated Assets	9,778,226	9,999,796	13,202,971
Capital Assets (net)	3,987,030	4,192,044	4,246,995
Total Assets	<u>27,436,678</u>	<u>26,757,843</u>	<u>27,297,445</u>
<b>Deferred Outflows:</b>			
Pensions	<u>791,315</u>	<u>237,955</u>	<u>123,785</u>
<b>Liabilities:</b>			
Current and Other Liabilities	<u>8,078,348</u>	<u>6,729,059</u>	<u>5,726,368</u>
<b>Deferred Inflows:</b>			
Pensions	<u>249,871</u>	<u>473,275</u>	<u>920,284</u>
<b>Net Position:</b>			
Invested in Capital Assets	3,987,030	4,192,044	4,246,995
Unrestricted	15,912,744	15,601,420	16,527,583
Total Net Position	<u>\$ 19,899,774</u>	<u>\$ 19,793,464</u>	<u>\$ 20,774,578</u>

Total Liabilities increased \$1.3 million and 20.1 percent because of the increase in contracts payable and deferred revenues. No appropriations will be encumbered in fiscal year 2017.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2016 and 2015

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**Table 2**  
**Statement of Activities:**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Expenses:</b>			
Program Expense	\$ 27,726,639	\$ 26,280,419	\$ 25,081,075
Operating and Non-Operating Expense	5,846,699	5,450,663	5,224,530
Depreciation Expense	205,014	216,469	212,114
Total Expenses	<u>33,778,352</u>	<u>31,947,551</u>	<u>30,517,719</u>
<b>Revenues:</b>			
Ad Valorem Taxes	32,943,236	30,567,045	30,006,355
Investment Income	165,420	65,695	47,077
Other Funding	496,006	333,697	804,900
Total Revenues	<u>33,604,662</u>	<u>30,966,437</u>	<u>30,858,332</u>
<b>Special Item</b>			
Proceeds from legal settlement	<u>280,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	106,310	(981,114)	340,613
Net Position - Beginning of Year (2014 restated in 2015 due to GASB 68)	<u>19,793,464</u>	<u>20,774,578</u>	<u>20,433,965</u>
<b>Net Position - End of Year</b>	<u>\$ 19,899,774</u>	<u>\$ 19,793,464</u>	<u>\$ 20,774,578</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 \$1.8 million or 5.7 percent from fiscal year 2015 to fiscal year 2016. Program expense increased \$1.5 million or 5.5 percent for the fiscal period due to the Children's Board's decision to fund additional programs in the current year that were not funded in the prior year. Operating and non-operating expenses increased \$0.4 million or 7.3 percent for the fiscal period due mostly to building repairs that were incurred in the current year.

Total revenues increased \$2.6 million over the prior year. Ad Valorem Taxes increased 7.8 percent due to an increase in property values. Other funding increased 49%. The majority of the increase was in the Other Community Partner Funding.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2016 and 2015

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**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 a government fund category and does not have any proprietary or fiduciary funds activity.

**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>2016</u>	<u>2015</u>	<u>2014</u>
<b>Fund Balance:</b>			
Nonspendable Fund Balance:			
Prepaid Expenditures	\$ 79,040	\$ 15,536	\$ 15,536
Committed Fund Balance:			
Building and Capital Reserve	168,314	336,868	241,093
Minimal Operational Expenditures	1,822,764	1,797,725	1,740,640
Assigned Fund Balance:			
Future Commitments of Current Programs	7,787,148	7,865,203	11,221,238
Unassigned Fund Balance:			
Unassigned Funds	<u>7,758,100</u>	<u>7,490,706</u>	<u>5,230,349</u>
Total Fund Balance	<u>\$ 17,615,366</u>	<u>\$ 17,506,038</u>	<u>\$ 18,448,856</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 \$17.5 million to \$17.6 million due to an increase in expenditures primarily in the program expenditures.

The \$17.6 million fund balance at September 30, 2016 consists of non-spendable, committed, assigned and unassigned categories. The non-spendable fund balance includes \$79 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 \$2.0 million. The assigned fund balance is for future commitments of current programs totaling \$7.8 million. The remaining \$7.8 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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2016 and 2015

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**Statement of Revenues, Expenditures and Changes in Fund Balance**

Total revenues from the Governmental Fund were \$33.6 million in FY 2016, an 8.5 percent increase from FY 2015. The ad-valorem tax revenues; the Children's Board's largest revenue source, was \$32.9 million. This was a 7.8 percent increase from FY 2015 because of the increase in property values. The millage rate remained at .4589.

Total expenditures for governmental activities were \$33.5 million, a 5.0 percent increase from FY 2015. This included \$4.2 million in operating expenditures, \$1.6 million in non-operating and \$27.7 million in program expenditures. The program expenditures included an overall 5.8 percent increase.

At year-end 2016, the Children's Board's general fund reported \$17.6 million in fund balance, which is a increase of \$ .1 million or 0.6 percent increase from fiscal year 2015.

**Table 3  
General Fund Budgetary Highlights:**

	Original Budget 2016	Amended Budget 2016	Actual 2016
<b>Revenues</b>			
Ad valorem taxes	\$ 32,423,607	\$ 32,423,607	\$ 32,943,236
Investment Income	60,000	60,000	165,420
Other Funding	420,625	420,625	496,006
<b>Total Revenues</b>	<u>32,904,232</u>	<u>32,904,232</u>	<u>33,604,662</u>
<b>Expenditures</b>			
Personnel	3,354,895	3,354,895	3,289,478
Operational Expenses	1,029,537	1,029,537	870,483
Non-Operating Expenses	1,532,861	1,617,861	1,610,669
Program Expenses	29,965,432	29,880,432	27,724,704
<b>Total Expenditures</b>	<u>35,882,725</u>	<u>35,882,725</u>	<u>33,495,334</u>
<b>Change to Fund Balance</b>	<u>\$ (2,978,493)</u>	<u>\$ (2,978,493)</u>	<u>\$ 109,328</u>

**General Fund Budget Comparison**

Total revenues exceeded total expenditures by \$0.1 million in the general fund for fiscal year 2016 – as shown in Table 3.

Total Actual general fund revenues were \$0.7 million and 2.1 percent more than the amended budgeted revenues for fiscal year 2016.

A budget amendment amounting to \$85,000 was made during the year to increase appropriations for mandatory government fees and reduce new program funding. The actual expenditures were \$2.4 million below the amended budget amounts due to decreased program and operating expenditures. This variance is due in part to the Children's Board budgeting to fund contacts held in the prior year that were not renewed in the current year. This variance is also due to underspending in the match grant and emerging needs categories.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The Children's Board's general fund balance change of \$0.1 million reported (Table 3) differs from the amended general fund's budgeted fund balance change of (\$3.0) million. This is principally because of lower than anticipated program and operating expenditures when the actual expenditures are compared to the amended budget.

**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 09/30/15	Additions	Retirements/ Transfers	Balance 09/30/16
<b>Non-depreciable assets:</b>				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
<b>Depreciable assets:</b>				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	155,638	-	-	155,638
Improvements other than building	414,710	-	-	414,710
Office Equipment	28,677	-	(2,904)	25,773
Office Furniture	40,342	-	(535)	39,807
Computer Equipment	40,369	-	-	40,369
	<u>6,492,468</u>	<u>-</u>	<u>(3,439)</u>	<u>6,489,029</u>
<b>Less, accumulated depreciation:</b>				
Building-Palm Avenue	1,800,031	157,666	-	1,957,697
Improvements	11,672	15,564	-	27,236
Improvements other than building	384,887	29,824	-	414,711
Office Equipment	23,124	1,960	2,904	22,180
Office Furniture	40,341	-	535	39,806
Computer Equipment	40,369	-	-	40,369
	<u>2,300,424</u>	<u>205,014</u>	<u>3,439</u>	<u>2,501,999</u>
<b>Capital Assets, Net</b>	<u>\$ 4,192,044</u>	<u>\$ (205,014)</u>	<u>\$ -</u>	<u>\$ 3,987,030</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2016 and 2015

	Balance 09/30/14	Additions	Retirements/ Transfers	Balance 09/30/15
<b>Non-depreciable assets:</b>				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
<b>Depreciable assets:</b>				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	56,650	155,638	(56,650)	155,638
Improvements other than building	414,710	-	-	414,710
Office Equipment	23,415	5,880	(618)	28,677
Office Furniture	48,181	-	(7,839)	40,342
Computer Equipment	176,663	-	(136,294)	40,369
	<u>6,532,351</u>	<u>161,518</u>	<u>(201,401)</u>	<u>6,492,468</u>
<b>Less, accumulated depreciation:</b>				
Building-Palm Avenue	1,642,364	157,667	-	1,800,031
Improvements	48,852	19,469	56,649	11,672
Improvements other than building	349,098	35,789	-	384,887
Office Equipment	23,415	327	618	23,124
Office Furniture	44,964	3,217	7,840	40,341
Computer Equipment	176,663	-	136,294	40,369
	<u>2,285,356</u>	<u>216,469</u>	<u>201,401</u>	<u>2,300,424</u>
<b>Capital Assets, Net</b>	<u>\$ 4,246,995</u>	<u>\$ (54,951)</u>	<u>\$ -</u>	<u>\$ 4,192,044</u>

**Change in Capital Assets:**

At the end of the fiscal year 2016, the Children's Board had \$6.5 Million invested in a variety of capital assets, remaining constant from fiscal year 2015.

**Long Term Debt**

At September 30, 2016, the Children's Board had \$8.1 million in long-term debt versus \$6.7 million at September 30, 2015, a net change of \$1.3 million and 20 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.

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Children's Board considered many factors when setting the fiscal year 2016 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 2016 tax rolls presented to the taxing authorities. Accordingly, ad valorem revenues for the Children's Board are budgeted to increase by \$2.5 million for a total of \$34.7 million for fiscal year 2017 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 2017. The total budget for FY 2017 is \$36.4 million, a net increase of 1.4 percent over the final 2016 budget of \$35.9 million. The Children's Board will appropriate \$1 million from fund balance in fiscal year 2017.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2016 and 2015

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**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](http://www.childrensboard.org)



CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 STATEMENTS OF NET POSITION  
 September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents and Investments (Note 2)	\$ 12,871,679	\$ 12,132,159
Receivables:		
Ad Valorem Taxes	210,901	156,020
Other	509,802	262,288
Total Receivables	<u>720,703</u>	<u>418,308</u>
Prepaid Expenses	<u>79,040</u>	<u>15,536</u>
Total Current Assets	<u>13,671,422</u>	<u>12,566,003</u>
Noncurrent Assets		
Designated Assets		
Cash and Cash Equivalents and Investments (Note 2)		
Future Commitments	7,787,148	7,865,203
Minimum Operating Expenses	1,822,764	1,797,725
Building and Capital Reserve	168,314	336,868
Total Designated Assets	<u>9,778,226</u>	<u>9,999,796</u>
Capital Assets (Note 3)		
Land	1,082,724	1,082,724
Property and Equipment	5,406,305	5,409,744
	6,489,029	6,492,468
Less: Accumulated Depreciation	<u>(2,501,999)</u>	<u>(2,300,424)</u>
Net Capital Assets	<u>3,987,030</u>	<u>4,192,044</u>
Total Assets	<u>27,436,678</u>	<u>26,757,843</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	<u>791,315</u>	<u>237,955</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
STATEMENTS OF NET POSITION  
September 30, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	83,331	132,184
Contracts Payable	5,357,673	4,834,103
Accrued Salaries, Wages and Benefits	113,055	90,974
Other Payables (Note 6)	<u>1,486</u>	<u>565</u>
Total Current Liabilities	<u>5,555,545</u>	<u>5,057,826</u>
Noncurrent Liabilities		
Accrued Compensated Absences (Note 5)	285,336	257,967
Net Pension Liability	<u>2,237,467</u>	<u>1,413,266</u>
Total Liabilities	<u>8,078,348</u>	<u>6,729,059</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	<u>249,871</u>	<u>473,275</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	3,987,030	4,192,044
Unrestricted	<u>15,912,744</u>	<u>15,601,420</u>
Total Net Position	<u>\$ 19,899,774</u>	<u>\$ 19,793,464</u>

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See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 STATEMENTS OF ACTIVITIES  
 Years ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Expenses</b>		
Program	\$ 27,726,639	\$ 26,280,419
Operating	4,236,030	4,024,630
Non-Operating	1,610,669	1,426,033
Unallocated Depreciation (Note 3)	<u>205,014</u>	<u>216,469</u>
<b>Total Expenses</b>	<b><u>33,778,352</u></b>	<b><u>31,947,551</u></b>
 <b>Revenues</b>		
Ad Valorem Taxes	32,943,236	30,567,045
Investment Income	165,420	65,695
Revenue Maximization Funding	66,595	68,971
Administrative Services Organization Funding	97,243	102,148
Other Community Partner Funding	325,263	160,000
Miscellaneous Income	<u>6,905</u>	<u>2,578</u>
<b>Total Revenues</b>	<b><u>33,604,662</u></b>	<b><u>30,966,437</u></b>
 <b>Special Item</b>		
Proceeds from legal settlement	<u>280,000</u>	<u>-</u>
<b>Change in Net Position</b>	<b>106,310</b>	<b>(981,114)</b>
 Net Position, Beginning of Year	 <u>19,793,464</u>	 <u>20,774,578</u>
 <b>Net Position, End of Year</b>	 <b><u>\$ 19,899,774</u></b>	 <b><u>\$ 19,793,464</u></b>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
BALANCE SHEETS – GOVERNMENTAL FUND  
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and Cash Equivalents and Investments (Note 2)	\$ 12,871,679	\$ 12,132,159
Receivables		
Ad Valorem Taxes	210,901	156,020
Other	509,802	260,353
Prepaid Expenditures	79,040	15,536
Designated Assets		
Cash and Cash Equivalents and Investments (Note 2)		
Future Commitments	7,787,148	7,865,203
Minimum Operational Expenditures	1,822,764	1,797,725
Building and Capital Reserve	168,314	336,868
Total Assets	<u>\$ 23,449,648</u>	<u>\$ 22,563,864</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts Payable	\$ 83,331	\$ 132,184
Contracts Payable	5,357,673	4,834,103
Accrued Salaries, Wages and Benefits	113,055	90,974
Other Payables	<u>280,223</u>	<u>565</u>
Total Liabilities	<u>5,834,282</u>	<u>5,057,826</u>
 <b>FUND BALANCE</b>		
<b>Nonspendable Fund Balance</b>		
Prepaid Expenditures	79,040	15,536
<b>Committed Fund Balance</b>		
Building and Capital Reserve	168,314	336,868
Minimal Operational Expenditures	1,822,764	1,797,725
<b>Assigned Fund Balance</b>		
Future Commitments of Current Programs	7,787,148	7,865,203
<b>Unassigned Fund Balance</b>		
Unassigned Funds	<u>7,758,100</u>	<u>7,490,706</u>
Total Fund Balance	<u>17,615,366</u>	<u>17,506,038</u>
Total Liabilities and Fund Balance	<u>\$ 23,449,648</u>	<u>\$ 22,563,864</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, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>Total Governmental Fund Balance</b>	\$17,615,366	\$17,506,038
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.	3,987,030	4,192,044
Certain receivables that do not provide current financial resources are not recognized as receivables in the governmental funds but are included in the statement net position.	-	1,935
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	791,315	237,955
Deferred inflows of resources related to pensions	(249,871)	(473,275)
Certain other reimbursement revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds.	280,000	-
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	(286,599)	(257,967)
Net pension liability	<u>(2,237,467)</u>	<u>(1,413,266)</u>
<b>Net Position of Governmental Activities</b>	<u>\$19,899,774</u>	<u>\$19,793,464</u>

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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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Ad Valorem Taxes	\$ 32,943,236	\$ 30,567,045
Investment Income	165,420	65,695
Revenue Maximization Funding	66,595	68,971
Administrative Services Organization	97,243	102,148
Other Community Partner Funding	325,263	160,000
Miscellaneous Income	6,905	2,578
Total Revenues	<u>33,604,662</u>	<u>30,966,437</u>
<b>Expenditures</b>		
Program		
Continuation and New Funding	<u>27,724,704</u>	<u>26,194,948</u>
Total Program	<u>27,724,704</u>	<u>26,194,948</u>
Operating		
Salaries	2,400,226	2,125,680
Employee Benefits	889,252	774,243
Contracted Professional Services	463,449	424,156
Facility Expenditures	208,389	748,685
Professional Development	39,814	33,226
Other Operating	158,831	182,284
Total Operating	<u>4,159,961</u>	<u>4,288,274</u>
Non-Operating		
Local Government Fees	<u>1,610,669</u>	<u>1,426,033</u>
Total Expenditures	<u>33,495,334</u>	<u>31,909,255</u>
<b>Net Change in Fund Balance</b>	109,328	(942,818)
Fund Balance, Beginning of Year	<u>17,506,038</u>	<u>18,448,856</u>
<b>Fund Balance, End of Year</b>	<u>\$ 17,615,366</u>	<u>\$ 17,506,038</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, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$ 109,328	\$ (942,818)
<p>Amounts reported for governmental activities  in the statement of activities are different because:</p>		
<p>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:</p>		
Compensated Absences	(28,632)	(11,050)
Pension Expense	(47,437)	113,176
<p>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.</p>		
	(205,014)	(54,951)
<p>Certain other reimbursements that do not provide  current financial resources are not recognized as  reimbursements in the governmental funds but are  included in the statement of activities</p>		
	<u>278,065</u>	<u>(85,471)</u>
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 106,310</u>	<u>\$ (981,114)</u>

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See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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**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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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**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, 2016 and 2015 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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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**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, 2016 and 2015 there are no designated net assets.

Accounting Pronouncements Adopted During the Year: The following GASB pronouncements were adopted by the Children's Board during the year ended September 30, 2016. Adoption of these pronouncements did not have a material impact on the Children's Board financial statements.

In February 2015, the GASB issued Statements No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

In June 2015, the GASB issued Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirement for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It establishes requirements for defined contribution pensions that are not within the scope of Statement 68. Amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

In June 2015, the GASB issued Statements No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP).

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, Rule 2A7. Rule 2A7 contains the Securities and Exchange Commission's regulations that apply to money market funds and were significantly amended in 2014.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

Tax-Exempt Status: As a governmental unit, the Children's Board is 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.

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 27, 2015 and became effective on October 1, 2015. 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 2016 and 2015.

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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

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.

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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

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.

**NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

At September 30, 2016, the bank balance of the Children's Board deposits was \$269,453 and the book balance was \$173,702. At September 30, 2015, the bank balance of the Children's Board deposits was \$837,325, and the book balance was \$819,472. 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, 2016 Children's Board bank balances, \$250,000 was covered by federal depository insurance (FDIC). Of the September 30, 2015 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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2016 and 2015

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

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, 2016 and September 30, 2015 was \$22,476,203 and \$21,312,483, 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, 2016, 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, 2016, the Children's Board's investments, with their corresponding ratings from Standard & Poor's, were as follows:

Local Government

	<u>Amount</u>	<u>Credit Rating</u>
Surplus Funds Trust Fund Florida PRIME	\$ 22,476,203	AAAm

Concentration of Credit Risk Issuer

	<u>Amount</u>	<u>% of Portfolio</u>
Local Government Surplus Funds Trust Fund Florida PRIME	\$ 22,476,203	100%

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2016 and 2015

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

For fiscal year ended September 30, 2015, 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, 2015, 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	\$ 21,312,483	AAAm

<u>Concentration of Credit Risk Issuer</u>	<u>Amount</u>	<u>% of Portfolio</u>
Local Government Surplus Funds Trust Fund Florida PRIME	\$ 21,312,483	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, 2016 and 2015, 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, 2016, 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	\$ 22,476,203	\$ 22,476,203	\$ -	\$ -	\$ -	\$ -

As of September 30, 2015, 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	\$ 21,312,483	\$ 21,312,483	\$ -	\$ -	\$ -	\$ -

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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

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

	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 12,871,679	\$ 12,132,159
Designated assets		
Cash and cash equivalents	<u>9,778,226</u>	<u>9,999,796</u>
	<u>\$ 22,649,905</u>	<u>\$ 22,131,955</u>

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

	<u>2016</u>	<u>2015</u>
Cash	\$ 173,702	\$ 819,472
Local Government Surplus Funds Trust		
Florida PRIME	<u>22,476,203</u>	<u>21,312,483</u>
	<u>\$ 22,649,905</u>	<u>\$ 22,131,955</u>

**NOTE 3 - CAPITAL ASSETS**

Capital assets of the Children's Board as of September 30, 2016 and 2015 consisted of the following:

	<u>Balance 9/30/15</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance 9/30/16</u>
Non-depreciable assets				
Land-Palm Ave	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Depreciable assets				
Building-Palm Ave	4,730,008	-	-	4,730,008
Improvements	155,638	-	-	155,638
Improvements other than building	414,710	-	-	414,710
Office equipment	28,677	-	(2,904)	25,773
Office furniture	40,342	-	(535)	39,807
Computer equipment	<u>40,369</u>	<u>-</u>	<u>-</u>	<u>40,369</u>
	6,492,468	-	(3,439)	6,489,029
Less accumulated depreciation				
Building-Palm Ave	1,800,031	157,666	-	1,957,697
Improvements	11,672	15,564	-	27,236
Improvements other than building	384,887	29,824	-	414,711
Office equipment	23,124	1,960	2,904	22,180
Office furniture	40,341	-	535	39,806
Computer equipment	<u>40,369</u>	<u>-</u>	<u>-</u>	<u>40,369</u>
	<u>2,300,424</u>	<u>205,014</u>	<u>3,439</u>	<u>2,501,999</u>
Net capital assets	<u>\$ 4,192,044</u>	<u>\$ (205,014)</u>	<u>\$ -</u>	<u>\$ 3,987,030</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 - CAPITAL ASSETS** (Continued)

	<u>Balance</u> <u>9/30/14</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>9/30/15</u>
Non-depreciable assets				
Land-Palm Ave	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Depreciable assets				
Building-Palm Ave	4,730,008	-	-	4,730,008
Improvements	56,650	155,638	(56,650)	155,638
Improvements other than building	414,710	-	-	414,710
Office equipment	23,415	5,880	(618)	28,677
Office furniture	48,181	-	(7,839)	40,342
Computer equipment	<u>176,663</u>	<u>-</u>	<u>(136,294)</u>	<u>40,369</u>
	6,532,351	161,518	(201,401)	6,492,468
Less accumulated depreciation				
Building-Palm Ave	1,642,364	157,667	-	1,800,031
Improvements	48,852	19,469	56,649	11,672
Improvements other than building	349,098	35,789	-	384,887
Office equipment	23,415	327	618	23,124
Office furniture	44,963	3,217	7,840	40,341
Computer equipment	<u>176,663</u>	<u>-</u>	<u>136,294</u>	<u>40,369</u>
	<u>2,285,356</u>	<u>216,469</u>	<u>201,401</u>	<u>2,300,424</u>
Net capital assets	<u>\$ 4,246,995</u>	<u>\$ (54,951)</u>	<u>\$ -</u>	<u>\$ 4,192,044</u>

Depreciation expense during the year ended September 30, 2016 and 2015 was \$205,014 and \$216,469, 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](http://www.frs.myflorida.com)).

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2016 and 2015

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**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)
<b>Regular Class Members Initially Enrolled Before July, 1, 2011</b>	
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%
<b>Regular Class Members Initially Enrolled On or After July, 1, 2011</b>	
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, 2016 and 2015

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**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, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular – 5.56% and 5.80%, Senior Management Service - 19.73% and 20.05% and DROP participants 11.22% and 11.27%. The employer contribution rates by job class for the period from July 1, 2014 through June 30, 2015 were as follows: Regular - 6.07%, Senior Management Service - 19.84% and DROP participants 11.02%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal years ended September 30, 2016 and 2015, contributions, including employee contributions of \$57,063 and \$49,401, to the Pension Plan for the Children's Board totaled \$176,737 and \$163,759, respectively.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At September 30, 2016 and 2015, the Children's Board reported liabilities of \$1,367,514 and \$708,772, respectively, for its proportionate share of the Pension Plan's net pension liability. The net pension liabilities were measured as of June 30, 2016 and June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2016 and July 1, 2015. The Children's Board's proportionate share of the net pension liability was based on its share of the Children's Board's 2015-2016 and 2014-2015 fiscal year contributions relative to the 2015-2016 and 2014-2015 fiscal year contributions of all participating members. At June 30, 2016, the Children's Board's proportionate share was 0.005415882%, which was a decrease of 0.000071521% from its proportionate share measured as of June 30, 2015. At June 30, 2015, the Children's Board's proportionate share was 0.005487403%, which was an increase of 0.0000639% from its proportionate share measured at June 30, 2014.

For the fiscal years ended September 30, 2016 and 2015, the Children's Board recognized pension expense of \$177,732 and \$21,462, 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:

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2016 and 2015

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
As of September 30, 2016		
Difference between expected and actual experience	\$ 104,707	\$ 12,732
Change of assumptions	82,730	-
Net differences between projected and actual earnings on pension plan investments	353,486	-
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	6,804	110,117
Children's Board contributions subsequent to the measurement date	42,847	-
Total	<u>\$ 590,574</u>	<u>\$ 122,849</u>

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
As of September 30, 2015		
Difference between expected and actual experience	\$ 74,825	\$ 16,810
Change of assumptions	47,044	-
Net differences between projected and actual earnings on pension plan investments	-	169,243
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	8,387	132,410
Children's Board contributions subsequent to the measurement date	32,844	-
Total	<u>\$ 163,100</u>	<u>\$ 318,463</u>

The deferred outflows of resources as of September 30, 2016 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, 2017. 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:	
2017	\$ 41,971
2018	41,971
2019	179,782
2020	134,880
2021	20,097
Thereafter	6,177
Totals	<u>\$ 424,878</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS** (Continued)

*Actuarial Assumptions* - The total pension liability in the June 30, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.60%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2016 and 2015 valuations 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, 2016 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, 2016:

Asset Class	Target Allocation*	Annual Arithmetic Return	Compunt Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.70%
Fixed Income	18.00%	4.70%	4.60%	4.60%
Global Equity	53.00%	8.10%	6.80%	17.20%
Real Estate (Property)	10.00%	6.40%	5.80%	12.00%
Private Equity	6.00%	11.50%	7.80%	30.00%
Strategic Investment	12.00%	6.10%	5.60%	11.10%
Total	100.00%			

Assumed Inflation - Mean	2.60%	1.90%
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As of September 30, 2015:

Asset Class	Target Allocation*	Annual Arithmetic Return	Compunt Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.20%	3.10%	1.70%
Fixed Income	18.00%	4.80%	4.70%	7.00%
Global Equity	53.00%	8.50%	7.20%	17.70%
Real Estate (Property)	10.00%	6.80%	6.20%	12.00%
Private Equity	6.00%	11.90%	8.20%	30.00%
Strategic Investment	12.00%	6.70%	6.10%	11.40%
Total	100.00%			

Assumed Inflation - Mean	2.60%	1.90%
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\*As in the Pension Plan's investment policy.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2016 and 2015

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

*Discount Rate* - The discount rate used to measure the total pension liability as of July 1, 2016 and 2015 was 7.60% and 7.65%, 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 7.60% and 7.65%, respectively, as of September 30, 2016 and 2015, 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 (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.75%
As of September 30, 2016			
Proportional Share of the Net Pension Liability	\$ 2,550,935	\$ 1,367,514	\$ 415,564

  

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.75%
As of September 30, 2015			
Proportional Share of the Net Pension Liability	\$ 1,836,588	\$ 708,772	\$ (229,757)

*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, 2016 and 2015, the Children's Board reported no payables outstanding for contributions to the Pension Plan required for the fiscal years ended September 30, 2016 and 2015.

**HIS Plan**

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

*Benefits Provided* - For the fiscal year ended September 30, 2016, 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.

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(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS** (Continued)

*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, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016 were 1.66%. The employer contribution rate for the period from July 1, 2014 through June 30, 2015 was 1.26%. 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, 2016 and 2015, contributions to the HIS Plan for the Children's Board totaled \$39,524 and \$28,883, respectively.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At September 30, 2016 and 2015, the Children's Board reported liabilities of \$869,953 and \$704,494 respectively, for its proportionate share of the HIS Plan's net pension liability. The net pension liability measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2015. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2016 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 2015-2016 and 2014-2015 fiscal year contributions of all participating members. At June 30, 2016, the Children's Board's proportionate share was 0.007464467%, which was an increase of 0.000556597% from its proportionate share measured as of June 30, 2015. At June 30, 2015, the Children's Board's proportionate share was 0.00690787%, which was an increase of 0.000123554% from its proportionate share measured at June 30, 2014.

For the fiscal years ended September 30, 2016 and 2015, the Children's Board recognized pension expense of \$51,317 and \$24,260, 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:

	Deferred Outflow of Resources	Deferred Inflow of Resources
As of September 30, 2016		
Difference between expected and actual experience	\$ -	\$ 1,981
Change of assumptions	136,518	-
Net differences between projected and actual earnings on pension plan investments	440	-
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	53,051	125,041
Children's Board contributions subsequent to the measurement date	10,732	-
Total	\$ 200,741	\$ 127,022

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS** (Continued)

As of September 30, 2015	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ -
Change of assumptions	55,425	-
Net differences between projected and actual earnings on pension plan investments	381	-
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	9,589	154,812
Children's Board contributions subsequent to the measurement date	9,460	-
Total	<u>\$ 74,855</u>	<u>\$ 154,812</u>

The deferred outflows of resources as of September 30, 2016 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, 2017. 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:	
2017	\$ 3,204
2018	3,204
2019	3,120
2020	3,080
2021	23,655
Thereafter	26,724
Totals	<u>\$ 62,987</u>

*Actuarial Assumptions* - Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2015 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2016. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2016 using a standard actuarial roll-forward technique. The total pension liabilities as of June 30, 2016 and 2015 were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	2.85% in 2016 and 3.80% in 2015, net of pension plan investment expense, including inflation

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

The actuarial assumptions that determined the total pension liability as of June 30, 2016 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS** (Continued)

*Discount Rate* - The discount rate used to measure the total pension liability at June 30, 2016 and 2015 was 2.85% and 3.80%, 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 2015 valuation was updated from 3.80% to 2.85%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2016.

*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 September 30, 2016 and 2015 using the discount rate of 2.85% and 3.80%, 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 (1.85% and 2.80%) or one percentage point higher (3.85% and 4.80%) than the current rate (dollars in thousands):

As of September 30, 2016	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
Proportional Share of the Net Pension Liability	\$ 923,614	\$ 869,953	\$ 706,710

  

As of September 30, 2015	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Proportional Share of the Net Pension Liability	\$ 802,738	\$ 704,494	\$ 622,573

*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, 2016 and 2015, the Children's Board reported no payables outstanding for contributions to the HIS plan required for the fiscal years ended September 30, 2016 and 2015.

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, 2016 are as follows:

As of September 30, 2016	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 590,574	\$ 200,741	\$ 791,315
Net pension liability	1,367,514	869,953	2,237,467
Deferred inflows of resources related to pensions	122,849	127,022	249,871
Pension expense	177,732	51,317	229,049

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
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**NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS** (Continued)

As of September 30, 2015	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 163,100	\$ 74,855	\$ 237,955
Net pension liability	708,772	704,494	1,413,266
Deferred inflows of resources related to pensions	318,463	154,812	473,275
Pension expense	21,462	24,269	45,731

***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 0.04% through June 30, 2016 and 0.06% starting July 1, 2016, 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, 2016 and 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the 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 \$34,848 and \$31,553 respectively for the fiscal years ended September 30, 2016 and 2015.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2016 and 2015

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

*Payables to the Investment Plan* - At September 30, 2016 and 2015, the Children's Board reported no payables outstanding for contributions to the Investment Plan required for the fiscal years ended September 30, 2016 and 2015.

***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, 2016 and 2015 were \$34,825 and \$31,404, respectively.

***Post-Employment Benefits Other Than Pensions***

The Children's Board implemented GASB statement number 45 for FY 2008 utilizing the "cost sharing multiple-employer plan". For fiscal year 2016 and 2015, the Children's Board accrued \$6,780 and \$8,005 or approximately \$20 and \$25 per month, per employee, respectively for funding of future costs to post-retiree participants in the Hillsborough County health system based on a biannual actuarial report.

**NOTE 5 - LONG-TERM LIABILITIES**

Long-term liability activity for the years ended September 30, 2016 and 2015 is comprised of the following for accrued compensated absences:

	<u>Balance</u> <u>09/30/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/2016</u>
Accrued annual leave	\$ 185,853	\$ 158,123	\$ (134,322)	\$ 209,654
Accrued sick leave	72,114	68,659	(63,828)	76,945
Net pension liability	<u>1,413,266</u>	<u>824,201</u>	<u>-</u>	<u>2,237,467</u>
	<u>\$ 1,671,233</u>	<u>\$ 1,050,983</u>	<u>\$ (198,150)</u>	<u>\$ 2,524,066</u>

  

	<u>Balance</u> <u>09/30/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/2015</u>
Accrued annual leave	\$ 181,483	\$ 151,809	\$ (147,439)	\$ 185,853
Accrued sick leave	65,434	66,186	(59,506)	72,114
Net pension liability	<u>965,263</u>	<u>448,003</u>	<u>-</u>	<u>1,413,266</u>
	<u>\$ 1,212,180</u>	<u>\$ 665,998</u>	<u>\$ (206,945)</u>	<u>\$ 1,671,233</u>

The current portion of the above long-term liabilities for accrued annual leave and sick leave was \$1,263 and \$0 for September 30, 2016 and 2015, respectively.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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**NOTE 6 - OTHER LIABILITIES**

Other Short-Term liabilities activity for the year ended September 30, 2016 and 2015 is comprised of the following:

	<u>09/30/2016</u>	<u>09/30/2015</u>
Other liabilities	\$ 223	\$ 565
Current portion of accrued compensated absences	<u>1,263</u>	<u>-</u>
Total other liabilities	<u>\$ 1,486</u>	<u>\$ 565</u>

**NOTE 7 - FUND BALANCE**

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

	<u>2016</u>	<u>2015</u>
Fund balances		
Nonspendable fund balance		
Prepaid expenditures	\$ 79,040	\$ 15,536
Committed fund balance		
Building and capital reserve	168,314	336,868
Minimal operational expenditures	1,822,764	1,797,725
Assigned fund balance		
Future commitments of current programs	7,787,148	7,865,203
Unassigned fund balance		
Unassigned funds	<u>7,758,100</u>	<u>7,490,706</u>
Total fund balance	<u>\$ 17,615,366</u>	<u>\$ 17,506,038</u>

**NOTE 8 - ENCUMBRANCES**

Encumbrance accounting is employed in governmental funds. There are no encumbrances from fiscal year 2016 or fiscal year 2015.

**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.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2016 and 2015

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**NOTE 9 - CHILDREN'S BOARD FOUNDATION (Continued)**

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 2016 and 2015. 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 - NOTES RECEIVABLE**

Children's Board has two non-interest bearing notes receivable that consist of the following:

	<u>Balance</u> <u>09/30/2015</u>	<u>Payments</u>	<u>Additions</u>	<u>Balance</u> <u>09/30/2016</u>
Note to undisclosed providers	\$ 1,935	\$ (1,935)	\$ -	\$ -
Note to United Cerebral Palsy of Tampa Bay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total notes receivable	<u>\$ 1,935</u>	<u>\$ (1,935)</u>	<u>\$ -</u>	<u>\$ -</u>
Balance Outstanding:				
Current portion				\$ -
Non-current portion				-

  

	<u>Balance</u> <u>09/30/2014</u>	<u>Payments</u>	<u>Additions</u>	<u>Balance</u> <u>09/30/2015</u>
Note to undisclosed providers	\$ 11,525	\$ (9,590)	\$ -	\$ 1,935
Note to United Cerebral Palsy of Tampa Bay	<u>75,881</u>	<u>(75,881)</u>	<u>-</u>	<u>-</u>
Total notes receivable	<u>\$ 87,406</u>	<u>\$ (85,471)</u>	<u>\$ -</u>	<u>\$ 1,935</u>
Balance Outstanding:				
Current portion				\$ 1,935
Non-current portion				-

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2016 and 2015

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**NOTE 11 - 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.

**NOTE 12 - SPECIAL ITEM**

The Children's Board filed a complaint on March 20, 2015 for breach of contract. Both parties executed a Mutual General Release and Settlement Agreement effective December 12, 2016 and payment was received January 6, 2017. A receivable was accrued as of September 30, 2016 in the Statement of Net Position and Balance Sheet – Governmental Fund.

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**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\*

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	<b>2016</b>	<b>2015</b>	<b>2014</b>
Children's Board proportion of the net pension liability (asset)	0.0054%	0.0055%	0.0054%
Children's Board proportionate share of the net pension liability (asset)	\$ 1,367,514	\$ 708,772	\$ 330,913
Children's Board covered-employee payroll	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-employee payroll	59.34%	33.82%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	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\*

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	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 217,370	\$ 209,906	\$ 193,331
Contributions in relation to the contractually required contribution	<u>(217,370)</u>	<u>(209,906)</u>	<u>(193,331)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Children's Board covered-employee payroll	2,304,347	2,095,744	2,015,719
Contributions as a percentage of covered-employee payroll	9.43%	10.02%	9.59%

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 PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY  
 Florida Retirement System Health Insurance Subsidy  
 Last Ten Fiscal Years\*

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	<b>2016</b>	<b>2015</b>	<b>2014</b>
Children's Board proportion of the net pension liability (asset)	0.0075%	0.0069%	0.0068%
Children's Board proportionate share of the net pension liability (asset)	\$ 869,953	\$ 704,494	\$ 634,350
Children's Board covered-employee payroll	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-employee payroll	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	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\*

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	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 38,252	\$ 26,406	\$ 24,189
Contributions in relation to the contractually required contribution	<u>(38,252)</u>	<u>(26,406)</u>	<u>(24,189)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Children's Board covered-employee payroll	2,304,347	2,095,744	2,015,719
Contributions as a percentage of covered-employee payroll	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.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL – GOVERNMENT FUND  
Year ended September 30, 2015 and 2014

	2016				2015			
	Original	Final	Actual	Variance	Original	Final	Actual	Variance
	Budget	Budget		Positive (Negative)	Budget	Budget		Positive (Negative)
<b>Revenues:</b>								
Ad Valorem Taxes	\$32,423,607	\$ 32,423,607	\$32,943,236	\$ 519,629	\$30,151,302	\$30,151,302	\$30,567,045	\$ 415,743
Investment Income	60,000	60,000	165,420	105,420	40,750	40,750	65,695	24,945
Revenue Maximization Activities	67,125	67,125	66,595	(530)	67,125	67,125	68,971	1,846
Administrative Services Organization	185,000	185,000	97,243	(87,757)	400,000	400,000	102,148	(297,852)
Other Community Partner Funding	160,000	160,000	325,263	165,263	160,000	160,000	160,000	-
Miscellaneous Revenue	8,500	8,500	6,905	(1,595)	30,000	30,000	2,578	(27,422)
<b>Total Revenues</b>	<u>32,904,232</u>	<u>32,904,232</u>	<u>33,604,662</u>	<u>700,430</u>	<u>30,849,177</u>	<u>30,849,177</u>	<u>30,966,437</u>	<u>117,260</u>
<b>Expenditures:</b>								
Program								
Continuation and New Funding	29,965,432	29,880,432	27,724,704	2,155,728	28,600,784	28,601,475	26,194,948	2,406,527
Total Program	29,965,432	29,880,432	27,724,704	2,155,728	28,600,784	28,601,475	26,194,948	2,406,527
Operating								
Employee Salaries and Benefits	3,354,895	3,354,895	3,289,478	65,417	3,053,994	3,053,994	2,899,923	154,071
Contracted Professional Services	512,838	512,838	463,449	49,389	463,213	491,394	424,156	67,238
Facility Expenditures	226,012	226,012	208,389	17,623	465,923	503,565	748,685	(245,120)
Other Operating	290,687	290,687	198,645	92,042	313,205	313,205	215,510	97,695
Total Operating	4,384,432	4,384,432	4,159,961	224,471	4,296,335	4,362,158	4,288,274	73,884
Non-Operating								
Capital Outlay	-	-	-	-	428,000	428,000	-	428,000
Local Government Fees	1,532,861	1,617,861	1,610,669	7,192	1,418,193	1,418,193	1,426,033	(7,840)
<b>Total Expenditures</b>	<u>35,882,725</u>	<u>35,882,725</u>	<u>33,495,334</u>	<u>2,387,391</u>	<u>34,743,312</u>	<u>34,809,826</u>	<u>31,909,255</u>	<u>2,900,571</u>
<b>Excess (Expenditures) over Revenues</b>	(2,978,493)	(2,978,493)	109,328	3,087,821	(3,894,135)	(3,960,649)	(942,818)	3,017,831
<b>Fund Balance, Beginning of Year</b>	<u>17,506,038</u>	<u>17,506,038</u>	<u>17,506,038</u>	-	<u>18,448,856</u>	<u>18,448,856</u>	<u>18,448,856</u>	-
<b>Fund Balance, End of Year</b>	<u>\$14,527,545</u>	<u>\$ 14,527,545</u>	<u>\$17,615,366</u>	<u>\$ 3,087,821</u>	<u>\$14,554,721</u>	<u>\$14,488,207</u>	<u>\$17,506,038</u>	<u>\$ 3,017,831</u>

**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, 2016, 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 March 29, 2017.

**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.

## 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.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Tampa, Florida  
March 29, 2017

**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, 2016. Management is responsible for the Children's Board's compliance with those requirements. Our responsibility is to express an opinion on the Children's Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Children's Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Children's Board's compliance with specified requirements.

In our opinion, the Children's Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Crowe Horwath LLP

Tampa, Florida  
March 29, 2017

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, 2016, and have issued our report thereon dated March 29, 2017.

### **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 March 29, 2017, 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.

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(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.

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Children's Board for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

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

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

## **Purpose of this Letter**

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



Crowe Horwath LLP

Tampa, Florida  
March 29, 2017