



Children's Board
HILLSBOROUGH COUNTY

www.ChildrensBoard.org

FINANCIAL STATEMENTS
September 30, 2017 and 2016

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY

Tampa, Florida

FINANCIAL STATEMENTS
September 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matter

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, 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 8, 2018

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2017 and 2016

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, 2017. Please read it in conjunction with the accompanying presented financial statements.

Financial Highlights

- The Hillsborough County ad valorem property tax base increased \$5.8 billion or 8.82 percent from fiscal year 2016 to 2017 because of the increase in property values. Total net ad valorem revenue increased \$2.6 million. The millage rate remained at .4589 mills per \$1,000 of property value.
- The overall change in revenue from fiscal year 2016 to 2017 was a net increase of \$2.6 million or 7.7% primarily due to the increase in ad valorem revenue and an increase in investment income due to an increase in the interest rate.
- Total program expenditures decreased by \$30 thousand or .1% for fiscal year 2017, for a total of \$27.7 million (84% of total expenses).
- Governmental Fund balance increased \$3.6 million or 20.5 percent for fiscal year 2017. 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.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2017 and 2016

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>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current and other Assets	\$ 14,148,395	\$ 13,671,422	\$ 12,566,003
Designated Assets	12,689,463	9,778,226	9,999,796
Capital Assets (net)	<u>3,811,839</u>	<u>3,987,030</u>	<u>4,192,044</u>
Total Assets	<u>30,649,697</u>	<u>27,436,678</u>	<u>26,757,843</u>
Deferred Outflows:			
Pensions	<u>1,023,979</u>	<u>791,315</u>	<u>237,955</u>
Liabilities:			
Current and Other Liabilities	<u>8,472,534</u>	<u>8,078,348</u>	<u>6,729,059</u>
Deferred Inflows:			
Pensions	<u>299,453</u>	<u>249,871</u>	<u>473,275</u>
Net Position:			
Invested in Capital Assets	3,811,839	3,987,030	4,192,044
Unrestricted	<u>19,089,850</u>	<u>15,912,744</u>	<u>15,601,420</u>
Total Net Position	<u>\$ 22,901,689</u>	<u>\$ 19,899,774</u>	<u>\$ 19,793,464</u>

Total Assets increased \$3.2 million and 11.7 percent because of the increase in Future Commitments. No appropriations will be encumbered in fiscal year 2018.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2017 and 2016

Table 2
Statement of Activities:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:			
Program Expense	\$ 27,695,625	\$ 27,726,639	\$ 26,280,419
Operating and Non-Operating Expense	5,332,552	5,846,699	5,450,663
Depreciation Expense	175,191	205,014	216,469
Total Expenses	<u>33,203,368</u>	<u>33,778,352</u>	<u>31,947,551</u>
Revenues:			
Ad Valorem Taxes	35,503,177	32,943,236	30,567,045
Investment Income	350,169	165,420	65,695
Other Funding	351,937	496,006	333,697
Total Revenues	<u>36,205,283</u>	<u>33,604,662</u>	<u>30,966,437</u>
Special Item:			
Proceeds from legal settlement	<u>-</u>	<u>280,000</u>	<u>-</u>
Change in Net Position	3,001,915	106,310	(981,114)
Net Position - Beginning of Year	<u>19,899,774</u>	<u>19,793,464</u>	<u>20,774,578</u>
Net Position - End of Year	<u><u>\$ 22,901,689</u></u>	<u><u>\$ 19,899,774</u></u>	<u><u>\$ 19,793,464</u></u>

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

Total expenses decreased \$0.6 million or 1.7 percent from fiscal year 2016 to fiscal year 2017. Operating and non-operating expenses decreased \$0.5 million or 8.8 percent for the fiscal period due mostly to Tax Increment Levy CRA commitment ended in the prior 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 decreased 29%. The majority of the decrease was in the Other Community Partner Funding.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2017 and 2016

Governmental Fund Financial Statements

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

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

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.

**Table 3
General Fund Budgetary Highlights:**

	Original Budget 2017	Amended Budget 2017	Actual 2017
Revenues			
Ad valorem taxes	\$ 34,894,180	\$ 34,894,180	\$ 35,503,177
Investment Income	152,000	152,000	350,169
Other Funding	340,625	340,625	631,937
Total Revenues	35,386,805	35,386,805	36,485,283
Expenditures			
Personnel	3,557,968	3,557,968	3,331,602
Operational Expenses	1,068,492	1,068,492	864,097
Non-Operating Expenses	1,740,276	1,740,276	982,656
Program Expenses	30,015,770	30,015,770	27,695,625
Total Expenditures	36,382,506	36,382,506	32,873,980
Change to Fund Balance	\$ (995,701)	\$ (995,701)	\$ 3,611,303

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 \$17.6 million to \$21.2 million due to underspending in program funding and non-operating expenditures.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2017 and 2016

The \$21.2 million fund balance at September 30, 2017 consists of non-spendable, committed, assigned and unassigned categories. The non-spendable fund balance includes \$23 thousand of prepaid expenditures. The committed fund balance includes the building and capital reserve and minimal operational expenditures for the first two months of each fiscal year totaling \$2.2 million. The assigned fund balance is for future commitments of current programs totaling \$10.5 million. The remaining \$8.5 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.

Statement of Revenues, Expenditures and Changes in Fund Balance

Total revenues from the Governmental Fund were \$36.5 million in FY 2017, an 8.6 percent increase from FY 2016. The ad-valorem tax revenues; the Children's Board's largest revenue source, was \$35.5 million. This was a 7.8 percent increase from FY 2016 because of the increase in property values. The millage rate remained at .4589.

Total expenditures for governmental activities were \$32.9 million, a 1.9 percent decrease from FY 2016. This included \$4.2 million in operating expenditures, \$1 million in non-operating and \$27.7 million in program expenditures. The program expenditures included an overall .10 percent decrease.

At year-end 2017, the Children's Board's general fund reported \$21.2 million in fund balance, which is an increase of \$ 3.6 million or 20.5 percent increase from fiscal year 2016.

Table 3
General Fund Budgetary Highlights:

	Original Budget 2017	Amended Budget 2017	Actual 2017
Revenues			
Ad valorem taxes	\$ 34,894,180	\$ 34,894,180	\$ 35,503,177
Investment Income	152,000	152,000	350,169
Other Funding	340,625	340,625	631,937
Total Revenues	<u>35,386,805</u>	<u>35,386,805</u>	<u>36,485,283</u>
Expenditures			
Personnel	3,557,968	3,557,968	3,331,602
Operational Expenses	1,068,492	1,068,492	864,097
Non-Operating Expenses	1,740,276	1,740,276	982,656
Program Expenses	30,015,770	30,015,770	27,695,625
Total Expenditures	<u>36,382,506</u>	<u>36,382,506</u>	<u>32,873,980</u>
Change to Fund Balance	<u>\$ (995,701)</u>	<u>\$ (995,701)</u>	<u>\$ 3,611,303</u>

General Fund Budget Comparison

Total revenues exceeded total expenditures by \$3.6 million in the general fund for fiscal year 2017 – as shown in Table 3.

Total Actual general fund revenues were \$1.1 million and 3.1 percent more than the amended budgeted revenues for fiscal year 2017.

The actual expenditures were \$3.5 million below the 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 emergency funding, emerging needs, and technical assistance grant categories.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
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The Children's Board's general fund balance change of \$3.6 million reported (Table 3) differs from the amended general fund's budgeted fund balance change of (\$1.0) 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 09/30/16	Additions	Retirements/ Transfers	Balance 09/30/17
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	155,638	-	-	155,638
Improvements other than building	414,711	-	-	414,711
Office Equipment	25,773	-	(14,507)	11,266
Office Furniture	39,806	-	-	39,806
Computer Equipment	40,369	-	-	40,369
	<u>6,489,029</u>	<u>-</u>	<u>(14,507)</u>	<u>6,474,522</u>
Less, accumulated depreciation:				
Building-Palm Avenue	1,957,697	157,667	-	2,115,364
Improvements	27,236	15,564	-	42,800
Improvements other than building	414,711	-	-	414,711
Office Equipment	22,180	1,960	14,507	9,633
Office Furniture	39,806	-	-	39,806
Computer Equipment	40,369	-	-	40,369
	<u>2,501,999</u>	<u>175,191</u>	<u>14,507</u>	<u>2,662,683</u>
Capital Assets, Net	<u>\$ 3,987,030</u>	<u>\$ (175,191)</u>	<u>\$ -</u>	<u>\$ 3,811,839</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2017 and 2016

	Balance 09/30/15	Additions	Retirements/ Transfers	Balance 09/30/16
Non-depreciable assets:				
Land-Palm Avenue	\$ 1,082,724	\$ -	\$ -	\$ 1,082,724
Depreciable assets:				
Building-Palm Avenue	4,730,008	-	-	4,730,008
Improvements	155,638	-	-	155,638
Improvements other than building	414,711	-	-	414,711
Office Equipment	28,677	-	(2,904)	25,773
Office Furniture	40,341	-	(535)	39,806
Computer Equipment	40,369	-	-	40,369
	<u>6,492,468</u>	<u>-</u>	<u>(3,439)</u>	<u>6,489,029</u>
Less, accumulated depreciation:				
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>
Capital Assets, Net	<u>\$ 4,192,044</u>	<u>\$ (205,014)</u>	<u>\$ -</u>	<u>\$ 3,987,030</u>

Change in Capital Assets:

At the end of the fiscal year 2017, the Children's Board had \$6.5 Million invested in a variety of capital assets, remaining constant from fiscal year 2016.

Long Term Debt

At September 30, 2017, the Children's Board had \$8.5 million in long-term debt versus \$8.1 million at September 30, 2016, a net change of \$0.4 million and 4.9 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.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2017 and 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Children's Board considered many factors when setting the fiscal year 2017 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 2017 tax rolls presented to the taxing authorities. Accordingly, ad valorem revenues for the Children's Board are budgeted to increase by \$3.1 million for a total of \$37.8 million for fiscal year 2018 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 2018. The total budget for FY 2018 is \$39.3 million, a net increase of 8 percent over the final 2017 budget of \$36.4 million. The Children's Board will appropriate \$.4 million from fund balance in fiscal year 2018.

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CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
September 30, 2017 and 2016

Contacting the Children's Board's Financial Management

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

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

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



Children's Board
HILLSBOROUGH COUNTY

www.ChildrensBoard.org

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 STATEMENTS OF NET POSITION
 September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents and Investments (Note 2)	\$ 13,842,863	\$ 12,871,679
Receivables:		
Ad Valorem Taxes	225,694	210,901
Other	<u>56,838</u>	<u>509,802</u>
Total Receivables	282,532	720,703
Prepaid Expenses	<u>23,000</u>	<u>79,040</u>
Total Current Assets	<u>14,148,395</u>	<u>13,671,422</u>
Noncurrent Assets		
Designated Assets		
Cash and Cash Equivalents and Investments (Note 2)		
Future Commitments	10,456,775	7,787,148
Minimum Operating Expenses	1,968,474	1,822,764
Building and Capital Reserve	<u>264,214</u>	<u>168,314</u>
Total Designated Assets	<u>12,689,463</u>	<u>9,778,226</u>
Capital Assets (Note 3)		
Land	1,082,724	1,082,724
Property and Equipment	<u>5,391,798</u>	<u>5,406,305</u>
	6,474,522	6,489,029
Less: Accumulated Depreciation	<u>(2,662,683)</u>	<u>(2,501,999)</u>
Net Capital Assets	<u>3,811,839</u>	<u>3,987,030</u>
Total Assets	<u>30,649,697</u>	<u>27,436,678</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	<u>1,023,979</u>	<u>791,315</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
STATEMENTS OF NET POSITION
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 145,190	\$ 83,331
Contracts Payable	5,357,453	5,357,673
Accrued Salaries, Wages and Benefits	108,416	113,055
Other Payables (Note 6)	<u>2,275</u>	<u>1,486</u>
Total Current Liabilities	<u>5,613,334</u>	<u>5,555,545</u>
Noncurrent Liabilities		
Accrued Compensated Absences (Note 5)	311,482	285,336
Net Pension Liability	<u>2,547,718</u>	<u>2,237,467</u>
Total Liabilities	<u>8,472,534</u>	<u>8,078,348</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	<u>299,453</u>	<u>249,871</u>
NET POSITION		
Net Investment in Capital Assets	3,811,839	3,987,030
Unrestricted	<u>19,089,850</u>	<u>15,912,744</u>
Total Net Position	<u>\$ 22,901,689</u>	<u>\$ 19,899,774</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 STATEMENTS OF ACTIVITIES
 Years ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Expenses		
Program	\$ 27,695,625	\$ 27,726,639
Operating	4,349,897	4,236,030
Non-Operating	982,655	1,610,669
Unallocated Depreciation (Note 3)	<u>175,191</u>	<u>205,014</u>
Total Expenses	<u>33,203,368</u>	<u>33,778,352</u>
Revenues		
Ad Valorem Taxes	35,503,177	32,943,236
Investment Income	350,169	165,420
Revenue Maximization Funding	68,606	66,595
Administrative Services Organization Funding	91,997	97,243
Other Community Partner Funding	185,000	325,263
Miscellaneous Income	<u>6,334</u>	<u>6,905</u>
Total Revenues	<u>36,205,283</u>	<u>33,604,662</u>
Special Item		
Proceeds from legal settlement	<u>-</u>	<u>280,000</u>
Change in Net Position	3,001,915	106,310
Net Position, Beginning of Year	<u>19,899,774</u>	<u>19,793,464</u>
Net Position, End of Year	<u>\$ 22,901,689</u>	<u>\$ 19,899,774</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
BALANCE SHEETS – GOVERNMENTAL FUND
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents and Investments (Note 2)	\$ 13,842,863	\$ 12,871,679
Receivables		
Ad Valorem Taxes	225,694	210,901
Other	56,838	509,802
Prepaid Expenditures	23,000	79,040
Designated Assets		
Cash and Cash Equivalents and Investments (Note 2)		
Future Commitments	10,456,775	7,787,148
Minimum Operational Expenditures	1,968,474	1,822,764
Building and Capital Reserve	264,214	168,314
Total Assets	<u>\$ 26,837,858</u>	<u>\$ 23,449,648</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 145,190	\$ 83,331
Contracts Payable	5,357,453	5,357,673
Accrued Salaries, Wages and Benefits	108,416	113,055
Other Payables	130	280,223
Total Liabilities	<u>5,611,189</u>	<u>5,834,282</u>
 FUND BALANCE		
Nonspendable Fund Balance		
Prepaid Expenditures	23,000	79,040
Committed Fund Balance		
Building and Capital Reserve	264,214	168,314
Minimal Operational Expenditures	1,968,474	1,822,764
Assigned Fund Balance		
Future Commitments of Current Programs	10,456,775	7,787,148
Unassigned Fund Balance		
Unassigned Funds	<u>8,514,206</u>	<u>7,758,100</u>
Total Fund Balance	<u>21,226,669</u>	<u>17,615,366</u>
Total Liabilities and Fund Balance	<u>\$ 26,837,858</u>	<u>\$ 23,449,648</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Total Governmental Fund Balance	\$ 21,226,669	\$ 17,615,366
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.	3,811,839	3,987,030
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	1,023,979	791,315
Deferred inflows of resources related to pensions	(299,453)	(249,871)
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	(313,627)	(286,599)
Net pension liability	<u>(2,547,718)</u>	<u>(2,237,467)</u>
Net Position of Governmental Activities	<u>\$ 22,901,689</u>	<u>\$ 19,899,774</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 GOVERNMENTAL FUND
 Years ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Ad Valorem Taxes	\$ 35,503,177	\$ 32,943,236
Investment Income	350,169	165,420
Revenue Maximization Funding	68,606	66,595
Administrative Services Organization	91,997	97,243
Other Community Partner Funding	185,000	325,263
Miscellaneous Income	<u>286,334</u>	<u>6,905</u>
Total Revenues	<u>36,485,283</u>	<u>33,604,662</u>
Expenditures		
Program		
Continuation and New Funding	<u>27,695,625</u>	<u>27,724,704</u>
Total Program	<u>27,695,625</u>	<u>27,724,704</u>
Operating		
Salaries	2,439,008	2,400,226
Employee Benefits	892,594	889,252
Contracted Professional Services	270,591	463,449
Facility Expenditures	385,468	208,389
Professional Development	40,189	39,814
Other Operating	<u>167,849</u>	<u>158,831</u>
Total Operating	<u>4,195,699</u>	<u>4,159,961</u>
Non-Operating		
Local Government Fees	<u>982,656</u>	<u>1,610,669</u>
Total Expenditures	<u>32,873,980</u>	<u>33,495,334</u>
Net Change in Fund Balance	3,611,303	109,328
Fund Balance, Beginning of Year	<u>17,615,366</u>	<u>17,506,038</u>
Fund Balance, End of Year	<u>\$ 21,226,669</u>	<u>\$ 17,615,366</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Net Change in Fund Balance - Total Governmental Funds	\$ 3,611,303	\$ 109,328
<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	(27,029)	(28,632)
Pension Expense	(127,168)	(47,437)
<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>		
	(175,191)	(205,014)
<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>(280,000)</u>	<u>278,065</u>
Change in Net Position of Governmental Activities	<u>\$ 3,001,915</u>	<u>\$ 106,310</u>

See accompanying notes to financial statements.

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

The significant accounting policies followed are described below.

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

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

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

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, 2017 and 2016, there are no restricted fund balances.

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

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

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

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

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, 2017 and 2016 there are designated assets of \$12,689,463 and \$9,778,226, respectively.

Accounting Pronouncements Adopted During the Year: The following GASB pronouncements were adopted by the Children's Board during the year ended September 30, 2017. Adoption of these pronouncements did not have a material impact on the Children's Board financial statements.

GASB Statement No. 77, Tax Abatement Disclosures - This Statement requires governments that enter into tax abatement agreements to disclose information about its own tax abatement agreements and those entered into by other governments that reduce the reporting government's tax revenue.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans - This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

GASB Statement No. 80, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14. This Statement clarifies that certain component units incorporated as not-for-profit corporations should be blended in the financial statements of the primary state or local government in a manner similar to a department or activity of the primary government. The Statement addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member.

GASB Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73. This Statement addresses certain issues that have been raised with respect to Statement No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

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 25, 2016 and became effective on October 1, 2016. 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 2017 and 2016.

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.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, 2017, the bank balance of the Children's Board deposits was \$1,752,055 and the book balance was \$1,709,248. At September 30, 2016, the bank balance of the Children's Board deposits was \$269,453, and the book balance was \$173,702. 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, 2017 Children's Board bank balances, \$250,000 was covered by federal depository insurance (FDIC). Of the September 30, 2016 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.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

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, 2017 and September 30, 2016 was \$24,823,078 and \$22,476,203, 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, 2017, 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, 2017, the Children's Board's investments, with their corresponding ratings from Standard & Poor's, were as follows:

<u>Local Government</u>	<u>Amount</u>	<u>Credit Rating</u>
Surplus Funds Trust Fund Florida PRIME	\$ 24,823,078	AAAm
<u>Concentration of Credit Risk Issuer</u>	<u>Amount</u>	<u>% of Portfolio</u>
Local Government Surplus Funds Trust Fund Florida PRIME	\$ 24,823,078	100%

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

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

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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Local Government Surplus Funds Trust Fund Florida Prime	\$ 22,476,203	AAAm

<u>Concentration of Credit Risk Issuer</u>	<u>Amount</u>	<u>% of Portfolio</u>
Local Government Surplus Funds Trust Fund Florida PRIME	\$ 22,476,203	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, 2017 and 2016, 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, 2017, 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	\$ 24,823,078	\$ 24,823,078	\$ -	\$ -	\$ -	\$ -

As of September 30, 2016, 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	\$ 22,476,203	\$ 22,476,203	\$ -	\$ -	\$ -	\$ -

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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

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

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 13,842,863	\$ 12,871,679
Designated assets		
Cash and cash equivalents	<u>12,689,463</u>	<u>9,778,226</u>
	<u>\$ 26,532,326</u>	<u>\$ 22,649,905</u>

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

	<u>2017</u>	<u>2016</u>
Cash	\$ 1,709,248	\$ 173,702
Local Government Surplus Funds Trust		
Florida PRIME	<u>24,823,078</u>	<u>22,476,203</u>
	<u>\$ 26,532,326</u>	<u>\$ 22,649,905</u>

NOTE 3 - CAPITAL ASSETS

Capital assets of the Children's Board as of September 30, 2017 and 2016 consisted of the following:

	<u>Balance 9/30/16</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance 9/30/17</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	414,711	-	-	414,711
Office equipment	25,773	-	(14,507)	11,266
Office furniture	39,806	-	-	39,806
Computer equipment	<u>40,369</u>	<u>-</u>	<u>-</u>	<u>40,369</u>
	<u>6,489,029</u>	<u>-</u>	<u>(14,507)</u>	<u>6,474,522</u>
Less accumulated depreciation				
Building-Palm Ave	1,957,697	157,667	-	2,115,364
Improvements	27,236	15,564	-	42,800
Improvements other than building	414,711	-	-	414,711
Office equipment	22,180	1,960	14,507	9,633
Office furniture	39,806	-	-	39,806
Computer equipment	<u>40,369</u>	<u>-</u>	<u>-</u>	<u>40,369</u>
	<u>2,501,999</u>	<u>175,191</u>	<u>14,507</u>	<u>2,662,683</u>
Net capital assets	<u>\$ 3,987,030</u>	<u>\$ (175,191)</u>	<u>\$ -</u>	<u>\$ 3,811,839</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 3 - CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>9/30/15</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>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	414,711	-	-	414,711
Office equipment	28,677	-	(2,904)	25,773
Office furniture	40,341	-	(535)	39,806
Computer equipment	40,369	-	-	40,369
	<u>6,492,468</u>	<u>-</u>	<u>(3,439)</u>	<u>6,489,029</u>
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	40,369	-	-	40,369
	<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>

Depreciation expense during the year ended September 30, 2017 and 2016 was \$175,191 and \$205,014, respectively. These amounts are included in depreciation in the accompanying Government-wide statement of activities and changes in net position.

NOTE 4 - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS

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

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

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.

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

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular – 5.80% and 6.20%, Senior Management Service - 20.05% and 20.99% and DROP participants 11.33% and 11.60%. The employer contribution rates by job class for the period from July 1, 2015 through June 30, 2016 were as follows: Regular – 5.56%, Senior Management Service - 19.73% and DROP participants 11.22%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal years ended September 30, 2017 and 2016, contributions, including employee contributions of \$56,270 and \$57,063, to the Pension Plan for the Children's Board totaled \$181,843 and \$176,737, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017 and 2016, the Children's Board reported liabilities of \$1,703,114 and \$1,367,514, respectively, for its proportionate share of the Pension Plan's net pension liability. The net pension liabilities were measured as of June 30, 2017 and June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2017 and July 1, 2016. The Children's Board's proportionate share of the net pension liability was based on its share of the Children's Board's 2016-2017 and 2015-2016 fiscal year contributions relative to the 2016-2017 and 2015-2016 fiscal year contributions of all participating members. At June 30, 2017, the Children's Board's proportionate share was 0.005757784%, which was an increase of 0.000341902% from its proportionate share measured as of June 30, 2016. 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 at June 30, 2015.

For the fiscal years ended September 30, 2017 and 2016, the Children's Board recognized pension expense of \$118,399 and \$35,653, respectively. In addition, the Children's Board reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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

As of September 30, 2017	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 156,305	\$ 9,434
Change of assumptions	572,367	-
Net differences between projected and actual earnings on pension plan investments	-	42,207
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	49,929	77,750
Children's Board contributions subsequent to the measurement date	<u>35,716</u>	<u>-</u>
Total	<u>\$ 814,317</u>	<u>\$ 129,391</u>

As of September 30, 2016	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
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	<u>42,847</u>	<u>-</u>
Total	<u>\$ 590,574</u>	<u>\$ 122,849</u>

The deferred outflows of resources as of September 30, 2017 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, 2018. 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:	
2018	\$ 65,864
2019	212,375
2020	163,278
2021	40,736
2022	121,142
Thereafter	<u>45,815</u>
Totals	<u>\$ 649,210</u>

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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

Actuarial Assumptions - The total pension liability in the June 30, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	7.10%, 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, 2017 and 2016 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, 2017 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, 2017:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compunt Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.00%	3.00%	1.80%
Fixed Income	18.00%	4.50%	4.40%	4.20%
Global Equity	53.00%	7.80%	6.60%	17.00%
Real Estate (Property)	10.00%	6.60%	5.90%	12.80%
Private Equity	6.00%	11.50%	7.80%	30.00%
Strategic Investment	12.00%	6.10%	5.60%	9.70%
Total	100.00%			
Assumed Inflation - Mean			2.60%	1.90%

As of September 30, 2016:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compunt Annual (Geometric) Return</u>	<u>Standard Deviation</u>
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%

*As in the Pension Plan's investment policy.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

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, 2017 and 2016 was 7.10% and 7.60%, 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 7.10% and 7.60%, respectively, as of June 30, 2017 and 2016, 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 (6.10%) or one percentage point higher (8.10%) than the current rate:

As of June 30, 2017	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Proportional Share of the Net Pension Liability	\$ 3,082,533	\$ 1,703,114	\$ 557,880

As of June 30, 2016	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Proportional Share of the Net Pension Liability	\$ 2,517,687	\$ 1,367,514	\$ 410,148

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, 2017 and 2016, the Children's Board reported no payables outstanding for contributions to the Pension Plan required for the fiscal years ended September 30, 2017 and 2016.

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, 2017, 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.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

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, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017 were 1.66%. The employer contribution rate for the period from July 1, 2015 through June 30, 2016 was 1.66%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

For the fiscal years ended September 30, 2017 and 2016, contributions to the HIS Plan for the Children's Board totaled \$40,443 and \$39,524, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017 and 2016, the Children's Board reported liabilities of \$844,604 and \$869,953 respectively, for its proportionate share of the HIS Plan's net pension liability. The net pension liability measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2016. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2017 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 2016-2017 and 2015-2016 fiscal year contributions of all participating members. At June 30, 2017, the Children's Board's proportionate share was 0.007899063%, which was an increase of 0.000434596% from its proportionate share measured as of June 30, 2016. 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 at June 30, 2015.

For the fiscal years ended September 30, 2017 and 2016, the Children's Board recognized pension expense of \$8,769 and \$11,784, respectively. In addition, the Children's Board reported deferred outflows of resources and deferred inflows of resources related to the HIS Plan from the following sources:

As of September 30, 2017	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 1,759
Change of assumptions	118,722	73,034
Net differences between projected and actual earnings on pension plan investments	468	-
Changes in proportion and differences between Children's Board contributions and proportionate share of contributions	81,093	95,269
Children's Board contributions subsequent to the measurement date	9,379	-
Total	\$ 209,662	\$ 170,062

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

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

As of September 30, 2016	Deferred Outflow of Resources	Deferred Inflow of Resources
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	<u>\$ 200,741</u>	<u>\$ 127,022</u>

The deferred outflows of resources as of September 30, 2017 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, 2018. 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:	
2018	\$ (1,181)
2019	(1,270)
2020	(1,313)
2021	19,073
2022	17,565
Thereafter	<u>(2,653)</u>
Totals	<u>\$ 30,221</u>

Actuarial Assumptions - Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2016 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2017. Liabilities originally calculated as of the actuarial valuation date have been recalculated as of June 30, 2017 using a standard actuarial roll-forward technique. The total pension liabilities as of June 30, 2017 and 2016 were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	3.58% in 2017 and 2.85% in 2016, 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, 2017 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
September 30, 2017 and 2016

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

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 and 2016 was 3.58% and 2.85%, 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 2016 valuation was updated from 2.85% to 3.58%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2017.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Children's Board's proportionate share of the net pension liability calculated as of June 30, 2017 and 2016 using the discount rate of 3.58% and 2.85%, respectively, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58% and 1.85%) or one percentage point higher (4.58% and 3.85%) than the current rate:

As of June 30, 2017	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Proportional Share of the Net Pension Liability	\$ 963,805	\$ 844,604	\$ 745,316

As of June 30, 2016	1% Decrease 2.85%	Current Discount Rate 3.85%	1% Increase 4.85%
Proportional Share of the Net Pension Liability	\$ 998,033	\$ 869,953	\$ 763,653

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, 2017 and 2016, the Children's Board reported no payables outstanding for contributions to the HIS plan required for the fiscal years ended September 30, 2017 and 2016.

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, 2017 are as follows:

As of September 30, 2017	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 814,317	\$ 209,662	\$ 1,023,979
Net pension liability	1,703,114	844,604	2,547,718
Deferred inflows of resources related to pensions	129,391	170,062	299,453
Pension expense	118,399	8,769	127,168

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

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

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	35,653	11,784	47,437

Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. Children's Board employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% through June 30, 2017 and 0.06% starting July 1, 2017, 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, 2017 and 2016, 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 \$40,929 and \$34,848 respectively for the fiscal years ended September 30, 2017 and 2016.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

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

Payables to the Investment Plan - At September 30, 2017 and 2016, the Children's Board reported no payables outstanding for contributions to the Investment Plan required for the fiscal years ended September 30, 2017 and 2016.

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, 2017 and 2016 were \$36,233 and \$34,825, 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 2017 and 2016, the Children's Board accrued \$6,180 and \$6,780 or approximately \$20 and \$20 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, 2017 and 2016 is comprised of the following for accrued compensated absences:

	Balance <u>9/30/2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/2017</u>
Accrued annual leave	\$ 209,654	\$ 164,712	\$ (145,349)	\$ 229,017
Accrued sick leave	76,945	69,307	(61,642)	84,610
Net pension liability	<u>2,237,467</u>	<u>1,008,171</u>	<u>(697,920)</u>	<u>2,547,718</u>
	<u>\$ 2,524,066</u>	<u>\$ 1,242,190</u>	<u>\$ (904,911)</u>	<u>\$ 2,861,345</u>

	Balance <u>9/30/2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/2016</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>1,046,286</u>	<u>(222,085)</u>	<u>2,237,467</u>
	<u>\$ 1,671,233</u>	<u>\$ 1,273,068</u>	<u>\$ (420,235)</u>	<u>\$ 2,524,066</u>

The current portion of the above long-term liabilities for accrued annual leave and sick leave was \$2,145 and \$1,263 for September 30, 2017 and 2016, respectively.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2017 and 2016

NOTE 6 - OTHER LIABILITIES

Other Short-Term liabilities activity for the year ended September 30, 2017 and 2016 is comprised of the following:

	<u>09/30/2017</u>	<u>09/30/2016</u>
Other liabilities	\$ 130	\$ 223
Current portion of accrued compensated absences	<u>2,145</u>	<u>1,263</u>
Total other liabilities	<u>\$ 2,275</u>	<u>\$ 1,486</u>

NOTE 7 - FUND BALANCE

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

	<u>2017</u>	<u>2016</u>
Fund balances		
Nonspendable fund balance		
Prepaid expenditures	\$ 23,000	\$ 79,040
Committed fund balance		
Building and capital reserve	264,214	168,314
Minimal operational expenditures	1,968,474	1,822,764
Assigned fund balance		
Future commitments of current programs	10,456,775	7,787,148
Unassigned fund balance		
Unassigned funds	<u>8,514,206</u>	<u>7,758,100</u>
Total fund balance	<u>\$ 21,226,669</u>	<u>\$ 17,615,366</u>

NOTE 8 - ENCUMBRANCES

Encumbrance accounting is employed in governmental funds. There are no encumbrances from fiscal year 2017 or fiscal year 2016.

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.

(Continued)

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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 2017 and 2016. However, materiality and significant, as applied to CBF, was defined to be excluded from the consolidated financial statement presentation of the Children's Board.

NOTE 10 - RISK MANAGEMENT

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

NOTE 11 - 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*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Children's Board proportion of the net pension liability (asset)	0.0058%	0.0054%	0.0055%	0.0054%
Children's Board proportionate share of the net pension liability (asset)	\$ 1,703,114	\$ 1,367,514	\$ 708,772	\$ 330,913
Children's Board covered payroll	2,517,807	2,304,347	2,095,744	2,015,719
Children's Board proportionate share of the net pension liability (asset) as a percentage of its covered payroll	67.64%	59.34%	33.82%	16.42%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

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

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

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

	2017	2016	2015	2014
Contractually required contribution	\$ 244,399	\$ 217,370	\$ 209,906	\$ 193,331
Contributions in relation to the contractually required contribution	<u>(244,399)</u>	<u>(217,370)</u>	<u>(209,906)</u>	<u>(193,331)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Children's Board covered payroll	2,517,807	2,304,347	2,095,744	2,015,719
Contributions as a percentage of covered payroll	9.71%	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*

	2017	2016	2015	2014
Children's Board proportion of the net pension liability (asset)	0.0079%	0.0075%	0.0069%	0.0068%
Children's Board proportionate share of the net pension liability (asset)	\$ 844,604	\$ 869,953	\$ 704,494	\$ 634,350
Children's Board covered payroll	2,517,807	2,304,347	2,095,744	2,015,719
Children's Board proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.55%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

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

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

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

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

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

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

CHILDREN'S BOARD OF HILLSBOROUGH COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL – GOVERNMENT FUND
 Year ended September 30, 2017 and 2016

	2017				2016			
	Original	Final	Actual	Variance	Original	Final	Actual	Variance
	Budget	Budget		Positive (Negative)	Budget	Budget		Positive (Negative)
Revenues:								
Ad Valorem Taxes	\$ 34,894,180	\$ 34,894,180	\$35,503,177	\$ 608,997	\$32,423,607	\$32,423,607	\$32,943,236	\$ 519,629
Investment Income	152,000	152,000	350,169	198,169	60,000	60,000	165,420	105,420
Revenue Maximization Activities	67,125	67,125	68,606	1,481	67,125	67,125	66,595	(530)
Administrative Services Organization	110,000	110,000	91,997	(18,003)	185,000	185,000	97,243	(87,757)
Other Community Partner Funding	160,000	160,000	185,000	25,000	160,000	160,000	325,263	165,263
Miscellaneous Revenue	3,500	3,500	286,334	282,834	8,500	8,500	6,905	(1,595)
Total Revenues	<u>35,386,805</u>	<u>35,386,805</u>	<u>36,485,283</u>	<u>1,098,478</u>	<u>32,904,232</u>	<u>32,904,232</u>	<u>33,604,662</u>	<u>700,430</u>
Expenditures:								
Program								
Continuation and New Funding	<u>30,015,770</u>	<u>30,015,770</u>	<u>27,695,625</u>	<u>2,320,145</u>	<u>29,965,432</u>	<u>29,880,432</u>	<u>27,724,704</u>	<u>2,155,728</u>
Total Program	30,015,770	30,015,770	27,695,625	2,320,145	29,965,432	29,880,432	27,724,704	2,155,728
Operating								
Employee Salaries and Benefits	3,557,968	3,557,968	3,331,602	226,366	3,354,895	3,354,895	3,289,478	65,417
Contracted Professional Services	451,443	451,443	270,591	180,852	512,838	512,838	463,449	49,389
Facility Expenditures	328,062	328,062	385,468	(57,406)	226,012	226,012	208,389	17,623
Other Operating	<u>288,987</u>	<u>288,987</u>	<u>208,038</u>	<u>80,949</u>	<u>290,687</u>	<u>290,687</u>	<u>198,645</u>	<u>92,042</u>
Total Operating	4,626,460	4,626,460	4,195,699	430,761	4,384,432	4,384,432	4,159,961	224,471
Non-Operating								
Capital Outlay	-	-	-	-	-	-	-	-
Local Government Fees	<u>1,740,276</u>	<u>1,740,276</u>	<u>982,656</u>	<u>757,620</u>	<u>1,532,861</u>	<u>1,617,861</u>	<u>1,610,669</u>	<u>7,192</u>
Total Expenditures	<u>36,382,506</u>	<u>36,382,506</u>	<u>32,873,980</u>	<u>3,508,526</u>	<u>35,882,725</u>	<u>35,882,725</u>	<u>33,495,334</u>	<u>2,387,391</u>
Excess (Expenditures) over Revenues	(995,701)	(995,701)	3,611,303	4,607,004	(2,978,493)	(2,978,493)	109,328	3,087,821
Fund Balance, Beginning of Year	<u>17,615,366</u>	<u>17,615,366</u>	<u>17,615,366</u>	-	<u>17,506,038</u>	<u>17,506,038</u>	<u>17,506,038</u>	-
Fund Balance, End of Year	<u>\$ 16,619,665</u>	<u>\$ 16,619,665</u>	<u>\$21,226,669</u>	<u>\$ 4,607,004</u>	<u>\$ 14,527,545</u>	<u>\$ 14,527,545</u>	<u>\$ 17,615,366</u>	<u>\$ 3,087,821</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, 2017, 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 8, 2018.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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



Crowe Horwath LLP

Tampa, Florida
March 8, 2018

**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, 2017. Management of the Children's Board is responsible for the Children's Board compliance with the specified requirements. Our responsibility is to express an opinion on the Children's Board compliance with the specified requirements based on our examination.

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

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

In our opinion, the Children's Board complied, in all material respects, with the requirements contained in Section 218.415, *Florida Statutes* for the year ended September 30, 2017.

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



Crowe Horwath LLP

Tampa, Florida
March 8, 2018

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, 2017, and have issued our report thereon dated March 8, 2018.

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 8, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

(Continued)

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Children's Board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Children's Board did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Children's Board's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

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 8, 2018