

**Children's Services Council
of St. Lucie County**

ANNUAL FINANCIAL REPORT

September 30, 2018

**Children's Services Council of St. Lucie County
ANNUAL FINANCIAL REPORT**

Fiscal Year Ended September 30, 2018

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REPORT OF INDEPENDENT AUDITORS

To the Council Members
Children's Services Council of St. Lucie County
Port St. Lucie, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Children's Services Council of St. Lucie County (the "Council") as of and for the year ended September 30, 2018, and the related notes to financial statements, which collectively comprise the Council'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity'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 opinion.

Fort Pierce / Stuart

To the Council Members
Children's Services Council of St. Lucie County

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Council as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Schedule of the Council's Proportionate Share of the Net Pension Liability – Florida Retirement Pension Plan, Schedule of Council Contributions – Florida Retirement System Pension Plan, Schedule of the Council's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan, Schedule of Council Contributions – Health Insurance Subsidy Pension Plan, and Notes to Required Supplementary Information 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.

To the Council Members
Children's Services Council of St. Lucie County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 8, 2019 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 Children's Services Council of St. Lucie County internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

March 8, 2019

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

Management's discussion and analysis of the financial statements for the Children's Services Council of St. Lucie County (the "Council") provides a summary of the Council's activities for the fiscal year ended September 30, 2018. Management has prepared this Management's Discussion and Analysis, and is responsible for the completeness and fairness of this information. This discussion and analysis should be read in conjunction with the accompanying financial statements.

The accompanying financial statements include all activities and functions for which the Council has direct oversight responsibility and all funds of the Council.

FINANCIAL HIGHLIGHTS

- The assets of the Council exceeded its liabilities at the close of the fiscal year by \$6,861,166 (net position). This compares to the previous fiscal year when assets exceeded liabilities by \$6,486,511. Of this amount, \$2,219,866 is restricted in the form of capital assets and the balance is available to be used to meet the Council's ongoing obligation to citizens and creditors.
- The Council's total net position increased \$374,655 from September 30, 2017 to September 30, 2018.
- The Council levies taxes through the TRIM (Truth In Millage) process established by Section 200.065, Florida Statutes. Pursuant to Section 125.601(3)(b), Florida Statutes, the Council may not adopt a millage rate to exceed .5 mills. For the fiscal year ended September 30, 2018, the millage rate was .4765 mills which produced \$8,785,668 in tax revenues compared to the previous fiscal year when tax revenues levied were \$8,176,661. Thus, \$609,007 or 7.45% more in tax revenues were received in Fiscal Year 2017/18 compared to Fiscal Year 2016/17. The Council maintained the same millage rate for 2017/18 as was adopted in the prior year.
- The millage rate approved for the Fiscal Year ending September 30, 2019 remained set at .4765 and is estimated to provide \$558,436 or 6.36% more in ad valorem revenues in Fiscal Year 2018/19 than were received for Fiscal Year 2017/18, as a result of the anticipation of accelerated property values.
- The Council had Interest and Miscellaneous Income totaling \$45,603 as described below:
 - Interest income on bank accounts of \$23,858.
 - Contributions from private donors of \$2,018.
 - Rental income of \$17,976.
 - Other miscellaneous income of \$1,751.

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

FINANCIAL HIGHLIGHTS (CONTINUED)

- The total cost of the Council's grant allocations for the fiscal year ended September 30, 2018 was \$7,052,658. This cost represents expenditures on local service programs and compares to \$6,465,786 expended on local service programs for the fiscal year ended September 30, 2017.
- Pursuant to Governmental Accounting Standards Board Statement No. 45 ("GASB 45"), Children's Services Council of St. County is required to calculate the annual cost of post-retirement benefits for current and future retirees. The Council considered the effects of GASB 45 post employment benefits and determined that any liability to the Council would be immaterial due to the Council policy that requires retirees to pay 100% of the cost of health insurance premiums. The Council is part of the health insurance plan of St. Lucie County, Florida, and Council employees are not a material portion of the overall County plan that includes employees of several county agencies.
- Pursuant to Governmental Accounting Standards Board Statement No. 54 ("GASB 54"), the Council reports governmental fund balances as nonspendable, restricted, committed, assigned, or unassigned.
- Pursuant to Governmental Accounting Standards Board Statement No. 68 ("GASB 68"), the Council is required to measure, recognize, and disclose its net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses relative to its participation in the Florida Retirement system.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion is intended to serve as an introduction to the basic financial statements of the Children's Services Council. The Council's basic financial statements are comprised of three integral components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. Each of these components is discussed in further detail in the following paragraphs. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to a private-sector business. The government-wide statements include all assets and liabilities and use the accrual basis of accounting, which provides for recording revenues when earned and recording expenses when a liability is incurred, regardless of the timing of related cash flows. The government-wide financial statements include the *Statement of Net Position* and the *Statement of Activities*. These government-wide financial statements complement rather than replace traditional fund-based financial statements.

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (Continued)

The *Statement of Net Position* is used to report all that the Council owns (assets) and owes (liabilities). The Council's assets include financial resources such as cash and receivables. Also included are capital assets such as equipment and furniture. The Council's liabilities include vendor payables, grants payable, deferred revenue, and obligations incurred in connection with the Council's operation (such as salaries payable and vacation leave/compensated absences payable). The difference between assets and liabilities is reported as *net position*.

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

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

In summary, the Statement of Net Position reports the Council's net position and the Statement of Activities reports the Council's changes in net position. The Council's net position (the difference between assets and liabilities) is one way to measure the Council's financial health or financial position. Over time, increases and decreases in the Council's net position are one indicator of whether financial health is improving or deteriorating. Other factors, such as changes in the Council's property tax base and the assessed millage rate will also, over time, help assess the overall financial health of the Council.

Fund Financial Statements

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

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

The Council's governmental fund statements include the *Balance Sheet*, the *Statement of Revenues, Expenditures, and Changes in Fund Balance*, and the *Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual*.

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

The governmental fund *Balance Sheet* reports only the financial assets associated with governmental activities. Financial assets include cash as well as other assets that will convert to cash in the short term such as receivables and investments. Governmental funds do not report capital assets, such as equipment and furniture, because such assets will be used in operations rather than converted to cash and are therefore not spendable.

Liabilities are also recognized in governmental funds only to the extent that they are expected to affect a government's near-term financing needs. For example, the Council's liabilities for vacation leave and special termination benefits are not reported in governmental funds until the period when payment becomes due. The difference between assets and liabilities reported in a governmental fund is known as *fund balance*.

Fund balance is the net resources of a government and an approximate measure of liquidity. Governmental fund balances are reported in five categories as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance includes amounts that are not available for spending, such as prepaid items and long term investments. Restricted fund balance is the portion that reflects resources that are subject to externally enforceable legal restrictions, such as creditors or grantors. Committed fund balances are self-imposed limitations and assigned fund balances are set for an intended use; both of these fund balances may only be modified or rescinded by the governing ten-member Council by resolution. Unassigned fund balance is the portion of fund balance representing the amount that is not nonspendable, restricted, committed, or assigned. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The categorization of fund balance is intended to provide information useful to the financial statement reader in assessing the government's resource allocation plans.

The governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* is used to report all transactions, events, and interfund activity that increase or decrease fund balances.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund *Balance sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Notes to Financial Statements

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Budgetary Information

The budget is prepared and adopted after public hearings, pursuant to Section 200.065, Florida Statutes. Throughout the year, there were several Board-approved budget transfers.

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Children's Services Council of St. Lucie County, assets exceeded liabilities by \$6,861,166 at September 30, 2018. The change in net position for the fiscal year ended September 30, 2018 was an increase of \$374,655. This increase is due to Ad Valorem revenues and Interest and Miscellaneous Income being more than the annual program allocations and operations expense needs. Expense decreases occurred in Depreciation in the amount of \$742. An expense increase occurred in Grant Allocations, Personnel Services and Materials and Services in the amounts of \$586,872, \$62,744 and \$6,480 respectively. Ad Valorem revenues increased by \$609,007 and Interest and Miscellaneous Income increased by \$3,715.

Over half of the Council's net position at fiscal year-end September 30, 2018 (\$4.6 million or 68%) is unrestricted. The remaining \$2.2 million (32%) is invested in capital assets. At September 30, 2017, \$4.2 million or 65% of net position was unrestricted.

Deferred outflows of resources were \$312,235 at September 30, 2018 compared to \$322,405 at September 30, 2017.

Liabilities of the Council at year end totaled \$1,641,924 and were primarily comprised of grants payable to programs funded by the Council that are paid on a reimbursement basis the month after expenditures occur. Grants payable to programs were \$690,763 at September 30, 2018 compared to \$680,090 at September 30, 2017. The increase in grants payable was due to the timing of reimbursement request submissions. Net pension liability was \$750,076 at September 30, 2018, compared to \$734,877 at September 30, 2017. Other liabilities at year-end included accounts payable to vendors and accrued salaries and benefits (\$38,125) and accrued compensated absences/vacation and sick leave (\$162,960). Accounts payable and accrued salaries decreased by \$814 (2.1%) over prior year-end amounts and accrued compensated absences/vacation and sick leave increased by \$3,174 (1.9%) over prior year-end amounts. The decrease in accounts payable and accrued salaries is due to the timing of payroll and vendor payments at fiscal year-end. The increase in compensated absences was due to the continued longevity of the staff of the Council and the resulting increases in earned compensated absences in a given year.

Deferred inflows of resources were \$76,588 at September 30, 2018, compared to \$44,840 at September 30, 2017.

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The Council had unrestricted net position (the part of net position that can be used to finance daily operations without constraints, enabling legislation, or other legal requirements) in the amount of \$4,641,300 at the end of the fiscal year. The balance of net investment in capital assets was \$2,219,866, which was invested in the office condominium building and in capital assets of office furniture and equipment. Receivables at fiscal year-end totaled \$82,951 and were primarily comprised of excess revenues from the Tax Collector and the Property Appraiser (\$68,774), and miscellaneous receivables from various vendors and renters (\$14,177). Unrestricted net position increased by \$418,164 (9.9%) over prior year-end amounts because of a decrease in capital assets of \$43,509 (1.9%), mostly due to depreciation and revenues received were greater than expenses. Receivables increased \$14,374 (21%) and included an increase in excess revenues from the Tax Collector and Property Appraiser of \$4,541, and an increase in small miscellaneous receivables of \$9,833.

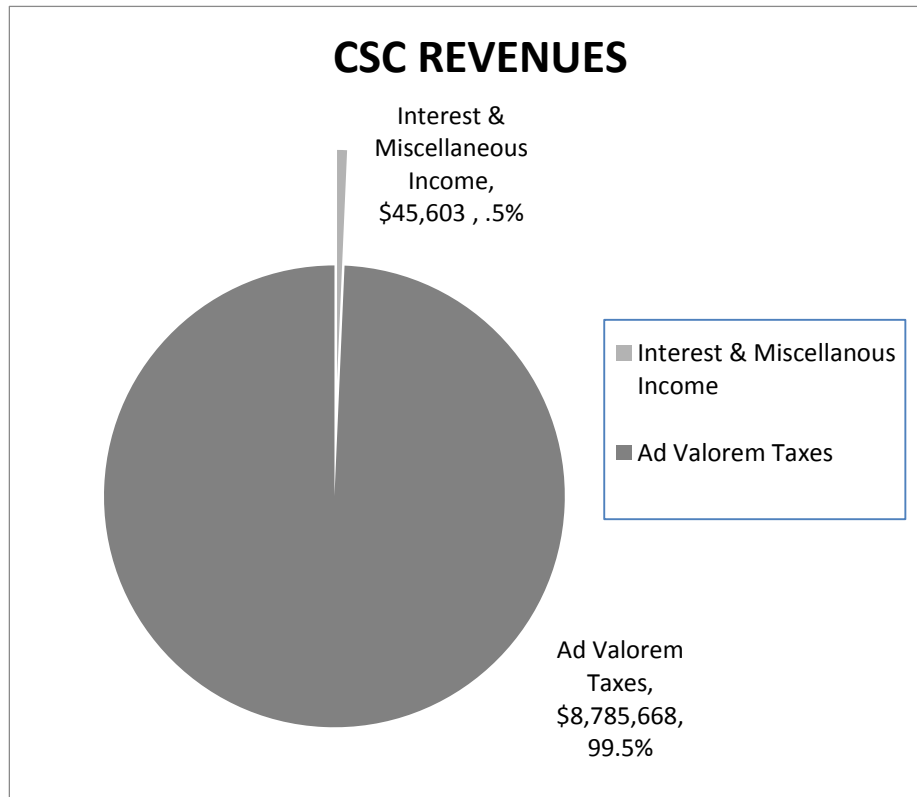
The Council's general revenues totaled \$8,831,271 for the fiscal year ended September 30, 2018. The primary source of general revenues is Ad Valorem taxes, which comprise \$8,785,668 or 99.5% of the total revenues. Interest and miscellaneous income was \$45,603 (.5%) of total revenues. In comparison, revenues for the fiscal year ended September 30, 2017 were \$8,176,661 in ad valorem taxes and \$41,888 in interest and miscellaneous income. Thus, ad valorem taxes increased \$654,610 (8.0%) and interest and miscellaneous income increased \$3,715 (8.9%). The increase in ad valorem taxes is due to the overall increase in countywide property values with the Council maintaining its millage rate. The \$3,715 increase in interest and miscellaneous income is due to the net effect of multiple items:

- Current year interest of \$23,858 compared to prior year interest of \$14,401 (variance of +\$9,457)
- Current year miscellaneous income of \$21,745 compared to prior year miscellaneous income of \$27,487 (variance of -\$5,742)

Interest and miscellaneous income totaled \$45,603. This amount includes interest income of \$23,858, miscellaneous income of \$3,769 and rental income of \$17,976. The miscellaneous income of \$3,769 includes receipts from tenants (\$1,751) for copies, postage, and data line usage, and private contributions (\$2,018).

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

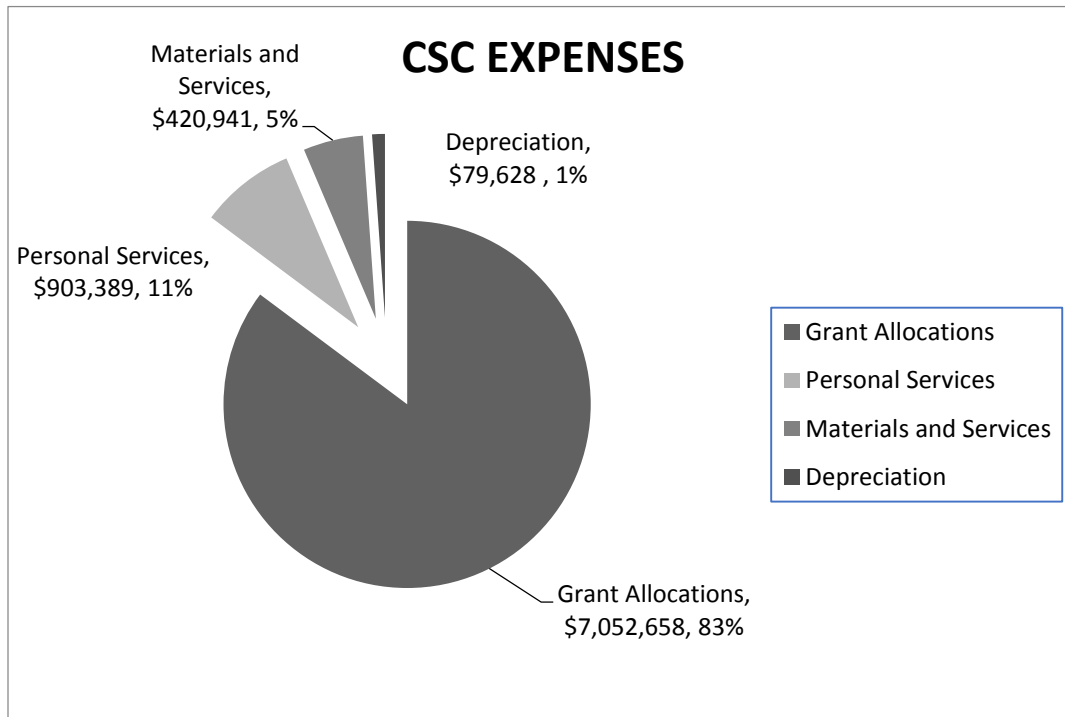


The cost of grants for local program services for fiscal year-ended September 30, 2018 was \$7,052,658 or 83% of total Council expenses. The cost for local grant allocations for the fiscal year ended September 30, 2017 was \$6,465,786. Thus, local program expenditures increased by \$586,872 or 9.1% for the fiscal year reported herein.

Operational costs including both program and administrative personnel services, materials and services, and depreciation totaled \$1,403,958 (17%) of total expenses. In comparison, operational costs for the fiscal year ended September 30, 2017 were \$1,348,436 (17%) of total expenses. Operational costs increased \$55,522.

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

The focus of the Council's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2018, the Council reported a general fund balance of \$5,318,689. This fund balance compares to \$4,846,582 at September 30, 2017. As required by GASB 54, the Council reports specific fund balance categories of nonspendable, restricted, committed, assigned, and unassigned. The table below presents the fund balance in these categories as utilized by Children's Services Council for September 30, 2018 and September 30, 2017.

<u>GASB 54 New Fund Balance Categories</u>	<u>FYE 09.30.18</u>	<u>FYE 09.30.17</u>
Nonspendable prepaid items	\$ -	\$ 8,361
Unrestricted-Committed-Cash Reserves	1,537,093	1,452,588
Unrestricted-Committed-Disaster Recovery	110,000	110,000
Unrestricted-Unassigned-Balance	3,671,596	3,275,633
TOTAL	<u>\$ 5,318,689</u>	<u>\$ 4,846,582</u>

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND (CONTINUED)

Ad valorem tax revenues totaled \$8,785,668 for the fiscal year ended September 30, 2018, which is an increase of \$609,007 (7.45%) from the \$8,176,661 in ad valorem tax revenues for the prior fiscal year. Total expenditures were \$8,359,164 for the fiscal year ended September 30, 2018, which is an increase of \$690,670 (9.01%) from the \$7,668,494 for the prior fiscal year. This increase is comprised of a \$586,872 (9.08%) increase in grant allocations, an increase in personal services of \$80,608 (10.5%), an increase in capital outlay of \$29,670 (460%) and a decrease in materials and services of \$6,480 (1.5%).

The Council prepares budget transfers over the course of the year allocating funds from one line item to another to prevent budget overruns. The final variance between actual expenditures and the final budget was \$682,561 below final budget amounts. The most significant variance was an under expenditure of grant allocations in the amount of \$403,972 which was due to contracted programs not expending allotted funds. Total actual revenues were \$197,593 more than the final budgeted revenues. This variance was due to tax receipts of \$175,480 greater than budgeted and interest and miscellaneous income of \$22,113 more than budgeted. The original budget was changed during the fiscal year to reflect anticipated operational changes.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND TAX RATES

The Council is responsible for and takes considerable care in setting the budget and the tax rate each fiscal year. This task involves determining community needs and anticipating ad valorem tax revenues.

The Council periodically performs formal needs assessments to determine community need. Need, however, is inherently learned in daily communication with funded programs and involvement by Council and staff in community organizations and initiatives. Anticipating ad valorem tax revenues is complex and requires attention to the local economy, the improvement of property in the community, and communication with the property appraiser. Ad Valorem revenues for the fiscal year reported herein indicate stabilized and increasing property values. A change in the current economic climate is difficult to predict. However, it is hopeful that Ad Valorem revenues at the current millage rate continue to improve in the near future years. The Council has maintained the provision of children's services through its funded programs. The Council is committed to continue funding children's programs. Children's Services Council has approved budgets that maintain or minimize change in program funding by utilizing fund balance. Maintenance and enhancement of programming in future years will be dependent on the availability of funds from annual revenue streams and reserves.

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2018**

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND TAX RATES (CONTINUED)

The Council approved a budget utilizing a .4765 millage rate for the fiscal year ending September 30, 2019. This rate remains unchanged from the rate levied for the fiscal year ended September 30, 2018. It is anticipated that the .4765 millage rate will provide \$558,436 or 6.36% more in revenues in Fiscal Year 2018/19 than was received for Fiscal Year 2017/18.

The Council will continue its vigilance in assessing needs and resources in the community.

The Children's Services Council of St. Lucie County operates in accordance with Chapter 125.901 of the Florida Statutes.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Children's Services Council of St. Lucie County. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Children's Services Council of St. Lucie County; 546 NW University Blvd., Suite 201; Port St. Lucie, Florida 34986. Further information about the Children's Services Council of St. Lucie County can be found on the Council website: www.cscslc.org.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
STATEMENT OF NET POSITION
September 30, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$ 5,964,626
Receivables	82,951
Total Current Assets	<u>6,047,577</u>

Non Current Assets

Capital assets depreciated, net of accumulated depreciation (\$960,091)	2,219,866
Total Non-current Assets	<u>2,219,866</u>

Total Assets	<u>8,267,443</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>312,235</u>
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LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	38,125
Grants payable	690,763
Current portion of accrued compensated absences	5,528
Total Current Liabilities	<u>734,416</u>

Non-current liabilities:

Accrued compensated absences, due in more than one year	157,432
Net pension liability	750,076
Total Non-current Liabilities	<u>907,508</u>
Total Liabilities	<u>1,641,924</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	<u>76,588</u>
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NET POSITION

Net investment in capital assets	2,219,866
Unrestricted	<u>4,641,300</u>

Total Net Position	<u><u>\$ 6,861,166</u></u>
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See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

Expenses:

Human Services - Children's Services

Grant allocations	\$ (7,052,658)
Personal services	(903,389)
Materials and services	(420,941)
Depreciation	(79,628)
	<hr/>

Total Human Services - Children's Services	<hr/> (8,456,616)
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General Revenues

Ad Valorem taxes	8,785,668
Interest income	23,858
Miscellaneous income	21,745
	<hr/>

Total General Revenues	<hr/> 8,831,271
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Change in Net Position	374,655
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Net Position - October 1, 2017	<hr/> 6,486,511
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Net Position - September 30, 2018	<hr/> <hr/> \$ 6,861,166
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CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
BALANCE SHEET – GENERAL FUND
September 30, 2018

ASSETS

Cash and cash equivalents	\$ 5,964,626
Receivables	<u>82,951</u>
 Total Assets	 <u><u>\$ 6,047,577</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 11,236
Accrued liabilities	26,889
Grants payable	<u>690,763</u>
 Total Liabilities	 <u>728,888</u>

Fund Balances:

Committed to:

Cash reserves	1,537,093
Disaster recovery	110,000
Unassigned	<u>3,671,596</u>
Total Fund Balances	<u><u>5,318,689</u></u>

Total Liabilities and Fund Balances	<u><u>\$ 6,047,577</u></u>
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CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2018

Reconciliation of the Balance Sheet of Government Funds to the
Statement of Net Position

Total fund balances - governmental funds.	\$ 5,318,689
Net capital assets are not financial resources and, therefore, are not reported in governmental funds.	2,219,866
On the Statement of Net Position, the Council's proportionate share of the net pension liability of the cost-sharing defined benefit pension plans which the Council participates is reported as a noncurrent liability.	(750,076)
Deferred outflows of resources related to pension are not current resources and are, therefore, reported on the Statement of Net Position and not the funds level statement.	312,235
Deferred inflows of resources related to pension are reported on the Statement of Net Position and not the funds level statement.	(76,588)
Accrued compensated absences are not due and payable in the current period and are not reported in governmental funds.	<u>(162,960)</u>
Net Position of Governmental Activities	<u><u>\$ 6,861,166</u></u>

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
For the Year Ended September 30, 2018

	<u>General</u>
Revenues:	
Ad Valorem taxes	\$ 8,785,668
Interest income	23,858
Miscellaneous income	21,745
Total Revenues	<u>8,831,271</u>
Expenditures:	
Current:	
Human Services	
Grant allocations	7,052,658
Personal services	849,446
Materials and services	420,941
Capital Outlay	36,119
Total Expenditures	<u>8,359,164</u>
Net change in fund balance	472,107
Fund Balances - October 1, 2017	<u>4,846,582</u>
Fund Balances - September 30, 2018	<u><u>\$ 5,318,689</u></u>

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of Governmental Funds to the Statement of Activities

Net change in fund balance of governmental funds.	\$ 472,107
Governmental funds report capital outlay as an expenditure. In the Statement of Activities the cost of certain assets are allocated over their estimated useful lives and reported as depreciation. This is the amount that depreciation (\$79,628)) exceeded capital outlay (\$36,119) in the current period.	(43,509)
Government funds report contributions to defined benefit plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit plans reduces future net pension liability and is reported as part of deferred outflows of resources.	62,669
In the Statement of Activities, pension expense is recorded for the Council's proportionate share of collective pension expense of the cost-sharing defined benefit plans in which the Council participate. Also included in the pension expense are amounts required to be amortized in accordance with GASB Statement No. 68.	(119,786)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in the compensated absences.	3,174
Change in Net Position of Governmental Activities	<u>\$ 374,655</u>

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GENERAL FUND – BUDGET AND ACTUAL
For the Year Ended September 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	AMOUNTS	
REVENUES				
Ad Valorem taxes	\$ 8,610,188	\$ 8,610,188	\$ 8,785,668	\$ 175,480
Interest income	9,000	9,000	23,858	14,858
Miscellaneous income	14,490	14,490	21,745	7,255
Total Revenues	8,633,678	8,633,678	8,831,271	197,593
EXPENDITURES				
Current:				
Human Services				
Grant allocations	7,477,855	7,456,630	7,052,658	403,972
Salaries	652,545	652,545	611,639	40,906
Payroll taxes	50,822	50,822	45,943	4,879
Florida retirement contributions	68,284	68,284	62,855	5,429
Health benefits	155,890	151,890	119,871	32,019
Life insurance	4,462	4,462	3,566	896
Workers' compensation	2,200	2,200	1,895	305
Deferred compensation	4,110	4,110	3,677	433
Collection expense	320,504	320,504	243,522	76,982
Professional services	37,088	35,588	34,788	800
Travel expenses	15,450	19,950	16,910	3,040
Publications	5,500	5,500	2,070	3,430
Rent/occupancy	35,587	34,289	34,289	-
Equipment/building maintenance	43,310	35,144	26,199	8,945
Office expenses	14,350	14,350	10,315	4,035
Communications	16,470	16,470	14,847	1,623
Utilities	15,200	13,164	13,257	(93)
Continuing education	5,065	6,565	4,909	1,656
Postage	1,040	1,040	388	652
Dues and membership	12,413	12,413	11,627	786
Advertising	1,800	2,800	2,554	246
Books and subscriptions	730	730	468	262
Insurance and bonds	6,050	6,050	4,798	1,252
Contingency	90,000	90,000	-	90,000
Equipment improvement	5,000	36,225	36,119	106
Total Expenditures	9,041,725	9,041,725	8,359,164	682,561
Excess of revenues over (under) expenditures	(408,047)	(408,047)	472,107	880,154
Fund Balances - October 1, 2017	4,846,582	4,846,582	4,846,582	-
Fund Balances - September 30, 2018	\$ 4,438,535	\$ 4,438,535	\$ 5,318,689	\$ 880,154

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Children's Services Council of St. Lucie County (the "Council") is a special independent taxing district established under County Ordinance 90-41 in 1990 to improve the quality of life for all children in St. Lucie County; its boundaries being coterminous with those of the county. The Council is governed by a ten-member council which consists of the Superintendent of Schools, a local School Board member, the Circuit Administrator from Circuit XIX from the Florida Department of Children and Families or his designee; one member of the Board of County Commissioners, and the Judge assigned to juvenile cases. The remaining five members are appointed by the Governor for four year terms. The Council operates in accordance with Section 125.901, Florida Statutes.

The Council follows the standards promulgated by GASB Codification Section 2100, *Defining the Financial Reporting Entity*. The accompanying financial statements include all operations over which the Council is financially accountable.

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Council.

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

Separate fund financial statements are provided for governmental funds.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 government 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 and claims and judgments are recorded only when payment is due.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Council reports the following major governmental fund:

General Fund: The government's primary operating fund. It accounts for all financial resources of the general government.

Budgets and Budgetary Accounting

The budget is prepared and adopted after public hearings, pursuant to Section 200.065 of the Florida Statutes. The budget was adopted by the Council for the General Fund for the period October 1, 2017 through September 30, 2018 utilizing generally accepted accounting principles. Throughout the year, the Council approved several budget transfers.

Capital Assets

Capital assets (property and equipment) are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property and equipment of the Council is depreciated using the straight-line method over the estimated useful lives of three to forty years.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes for the current year were assessed and collected by the St. Lucie County Tax Collector and subsequently remitted to the Council. Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1. Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit Children's Services Council to levy property taxes at a rate of up to .5 mills (\$.50 per \$1,000 of assessed taxable valuation). The millage rate assessed by the Council for the year ended September 30, 2018 was .4765 mills.

The tax levy of the Council is established by the Council prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the tax levy, for the County. All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of state statutes.

All real and tangible personal property taxes are due and payable on November 1, each year or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. The County mails to each property owner on the assessment roll a notice of the taxes due and the County also collects the taxes for the Council. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by the County are provided for in the laws of Florida. There were no material delinquent property taxes at September 30, 2018.

Pensions

In the government-wide statement of net position, liabilities are recognized for the Council's proportionate share of each pension plan's net pension liability. 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 fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deduction from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, defined benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All regular employees accrue one sick day per month. Employees with up to five years of service accrue one vacation day per month. Those exceeding five years of service accrue up to 1.25 days per month and employees with over ten years accrue up to 1.67 days per month. In the event of termination, an employee is reimbursed for unused accumulated vacation leave. Accrued sick leave is only reimbursable to voluntary terminations.

Cash and Cash Equivalents

Cash and cash equivalents, which are cash and short-term investments with maturities of three months or less, include cash on hand and in banks, and cash placed with the State Board of Administration LGIP fund.

Governmental Fund Balance

The Council has adopted GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Governmental fund balances are now reported as non-spendable, restricted, committed, assigned and unassigned. Only the governing ten-member council may modify or rescind a fund balance commitment, by resolution. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The committed to fiscal stabilization fund balance is determined annually based on projected deficits of the annual budget projections for one year subsequent to the current fiscal year.

The committed to cash reserves fund balance is determined annually and is calculated as 17% of the annual budgeted operating expenses.

The committed to disaster recovery fund balance is based annually on providing \$200,000 for disaster recovery. The committed amount is this \$200,000 amount less the amount included in the current budget as contingency expense.

NOTE B – DEPOSITS AND INVESTMENTS

Statement of Policy

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

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

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE B – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Banks qualified as public depositories under Florida law hold cash deposits of the Council. In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. As of September 30, 2018, the Council's bank balance was \$5,730,823 and the carrying value was \$5,716,854.

The cash balance of the Council also included \$247,772 at September 30, 2018 in Florida Prime, a Securities and Exchange Commission Rule 2a-7 like external investment pool, similar to money market funds. Florida Prime is rated AAAM by Standard and Poors, and had a weighted average days to maturity of 72 days at September 30, 2018.

Investments

The Council's investments are limited to investments permitted under Section 218.415, Florida Statutes. Among other investments, the Statute allows the Council to invest in qualified public depositories and the State Board of Administration Local Government Surplus Trust Funds, which are the only two vehicles the Council is currently utilizing.

Cash placed with the State Board of Administration represents the Council's participation in the Local Government Surplus Trust Funds Investment Pool (Florida Prime) and is reported at fair value. As a pool participant the Council invests in pools of investments in which shares are owned in the pool rather than the underlying investments.

The Council categorizes its fair value measurements within the fair value hierarchy recently established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Council uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that use the best information available under the circumstances, which includes the Council's own data in measuring unobservable inputs.

As of September 30, 2018, the Council did not hold any investments that meet the criteria described above.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE B – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

To maintain liquidity and limit exposure to fair value losses, the Council's investment policy limits investments of current operating funds to maturities of no longer than twenty-four months and the maximum maturity of any certificate of deposit to no greater than one year.

Credit Risk

Section 218.45, Florida Statutes limits investments to high quality investments to control credit risk.

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the council will not be able to recover the value if its investment or collateral securities that are in possession of an outside party.

NOTE C – RECEIVABLES

The majority of receivables are due from other governmental agencies. The Council has determined that an allowance for doubtful accounts is not necessary.

Receivables at September 30, 2018 consisted of the following:

Excess fees from tax collector and property appraiser	\$ 68,774
Other receivables	14,177
	<u>\$ 82,951</u>

NOTE D – CHANGES IN CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Construction in progress	\$ -	\$ 21,225	\$ -	\$ 21,225
Furniture and equipment	104,701	14,894	(4,455)	115,140
Buildings	3,039,137	-	-	3,039,137
Accumulated depreciation	(880,463)	(79,628)	4,455	(955,636)
	<u>\$ 2,263,375</u>	<u>\$ (43,509)</u>	<u>\$ -</u>	<u>\$ 2,219,866</u>
Capital Assets, Net	<u>\$ 2,263,375</u>	<u>\$ (43,509)</u>	<u>\$ -</u>	<u>\$ 2,219,866</u>

Depreciation, \$79,628, was charged to Human Services.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE E – NON-CURRENT LIABILITIES

A summary of changes in Non-Current Liabilities follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Compensated absences	\$ 166,134	\$ 13,993	\$ 17,167	\$ 162,960

NOTE F – OPERATING LEASE COMMITMENTS

The Council leases two copiers under operating leases. The lease term is 63 months beginning March 2015 and requires monthly lease payments of \$388. Equipment rent expense for the year ended September 30, 2018 was \$4,656, all of which related directly to the non-cancelable operating lease. Future minimum lease payments by fiscal year are as follows – 2019 - \$4,656 and 2020 - \$3,104.

NOTE G – FLORIDA RETIREMENT SYSTEM

General Information about the Florida Retirement System

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple- employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

All regular employees of the Council are required to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.mvflorida.com).

The Council's pension expense totaled \$119,786 for the fiscal year ended September 30, 2018.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

FRS Pension Plan

Plan Description. The FRS Pension Plan (the "Plan") is a cost-sharing multiple-employer defined benefit pension plan, with DROP for eligible employees. The general classes of membership are as follows: *Regular Class* – Members of the FRS who do not qualify for membership in the other classes and *Senior Management Service Class (SMSC)* – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011 vest at 6 years of creditable service, and employees enrolled in the Plan on or after July 1, 2011 vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the 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. Members of the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were as follows:

Class	July 1, 2017		July 1, 2018	
	Percent of Gross Salary		Percent of Gross Salary	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00%	7.92%	3.00%	8.26%
FRS, Senior Management Service	3.00%	22.71%	3.00%	24.06%

Notes: (1) Employer rates include 1.66 percent and 1.66 percent for the postemployment health insurance subsidy for the period October 1, 2017 through June 30, 2018 and July 1, 2018 through September 30, 2018, respectively. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the investment plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The Council's contributions to the Plan totaled \$52,541 for the fiscal year ended September 30, 2018.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2018, the Council reported a liability of \$526,533 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Council's proportionate share of the net pension liability was based on the Council's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the Council's proportionate share was 0.001748 percent, which was an increase of 0.000042 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the Council recognized pension expense of \$102,246 related to the Plan. In addition, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 44,605	\$ (1,619)
Change of assumptions	172,045	-
Net difference between projected and actual earnings on Pension Plan investments	-	(40,681)
Changes in proportion and differences between the Council's Pension Plan contributions and proportionate share of contributions	30,283	(3,198)
Council's Pension Plan contributions subsequent to the measurement date	12,327	-
Total	<u>\$ 259,260</u>	<u>\$ (45,498)</u>

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

The deferred outflows of resources related to pensions, totaling \$12,327, resulting from Council contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to change of assumptions for pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 78,695
2020	51,461
2021	10,072
2022	34,790
2023	22,901
Thereafter	3,516

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.40 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study dated December 1, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is 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:

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic investments	6%	6.0%	5.7%	8.6%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.6%		1.9%

(1) As outlined in the Pension Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The 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 Council's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following represents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Council's proportionate share of the net pension liability	\$ 960,945	\$ 526,533	\$ 165,728

FRS Pension Plan Fiduciary Net Position. Detailed information about the 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, 2018, the Council reported a payable of \$2,028 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2018.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a non-qualified, 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 and surviving beneficiaries of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided. For the fiscal year ended September 30, 2018, 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, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution for the period October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018 was 1.66% and 1.66%, respectively. The Council contributed 100% of its statutorily required contributions for the current and preceding three years. 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.

The Council's contributions to the HIS Plan totaled \$10,128 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2018, the Council reported a net pension liability of \$223,543 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Council's proportionate share of the net pension liability was based on the Council's 2017-18 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the Council's proportionate share was 0.002111 percent, which was a decrease of 0.000043 percent from its proportionate share measured as of June 30, 2017.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

For the fiscal year ended September 30, 2018, the Council recognized pension expenses of \$17,540 related to the HIS Plan. In addition, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,422	\$ (380)
Change of assumptions	24,861	(23,635)
Net difference between projected and actual earnings on HIS Plan investments	135	-
Changes in proportion and differences between the Council's HIS Plan contributions and proportionate share of contributions	21,787	(7,075)
Council's HIS Plan contributions subsequent to the measurement date	<u>2,770</u>	<u>-</u>
Total	<u>\$ 52,975</u>	<u>\$ (31,090)</u>

The deferred outflows of resources related to pensions, totaling \$2,770, resulting from Council 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 ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to change of assumptions for pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 5,811
2020	5,800
2021	5,231
2022	4,274
2023	(475)
Thereafter	(1,526)

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions – The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	3.87 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study date December 1, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 3.87 percent. 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.

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following represents the Council's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	<u>1% Decrease</u> <u>(2.87%)</u>	<u>Discount Rate</u> <u>(3.87%)</u>	<u>1% Increase</u> <u>(4.87%)</u>
Council's proportionate share of the net pension liability	<u>\$ 254,602</u>	<u>\$ 223,543</u>	<u>\$ 197,653</u>

HIS Pension Plan Fiduciary Net Position. Detailed information about 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 Pension Plan. At September 30, 2018, the Council reported a payable of \$374 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

FRS – Defined Contribution Pension Plan

The Council contributes to the FRS Investment Plan (the "Investment Plan"), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Council 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 (Regular Class and Senior Management Class), as the FRS-defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows: Regular class, 8.26 percent and Senior Management class, 24.06 percent.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS 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 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Council.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE G – FLORIDA RETIREMENT SYSTEM (CONTINUED)

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 FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Council's Investment Plan contributions totaled \$16,051 for the fiscal year ended September 30, 2018.

Payables to the Defined Contribution Pension Plan. At September 30, 2018, the Council reported a payable of \$774 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended September 30, 2018.

Pension Plan expenditures for employees of the Executive Roundtable of St. Lucie County that are covered under the Council's FRS Pension Plans are reported net of related reimbursements in the financial statements; however, expenditures are reported gross in the notes to the financial statements.

NOTE H – RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council purchases commercial insurance coverage to cover the various risks. There have been no significant reductions in insurance coverage and there were no settled claims which exceeded insurance coverage in the last three years.

REQUIRED SUPPLEMENTARY INFORMATION

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
September 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Council's proportion of the net pension liability *	0.001748%	0.001706%	0.001582%	0.001591%	0.001635%
Council's proportionate share of the net pension liability *	\$ 526,533	\$ 504,595	\$ 399,471	\$ 205,540	\$ 99,778
Council's covered payroll *	689,837	686,482	602,872	550,885	404,456
Council's proportionate share of the net pension liability as a percentage of its covered-employee payroll	76.33%	73.50%	66.26%	37.31%	24.67%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

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

Note: Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
September 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 52,541	\$ 52,603	\$ 48,547	\$ 46,013	\$ 41,731
Contributions in relation to the contractually required contribution	(52,541)	(52,603)	(48,547)	(46,013)	(41,731)
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 720,193	\$ 654,165	\$ 622,651	\$ 561,085	\$ 545,260
Contributions as a percentage of covered-employee payroll	7.30%	8.04%	7.80%	8.20%	7.65%

Note: Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
SCHEDULE OF EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN
September 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Council's proportion of the net pension liability *	0.002112%	0.002154%	0.001953%	0.001816%	0.003823%
Council's proportionate share of the net pension liability *	\$ 223,543	\$ 230,282	\$ 227,601	\$ 185,186	\$ 175,590
Council's covered payroll *	689,837	686,482	602,872	550,885	404,456
Council's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.41%	33.55%	37.75%	33.62%	43.41%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

Note: Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

**CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN
September 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,128	\$ 10,988	\$ 10,336	\$ 7,665	\$ 7,556
Contributions in relation to the contractually required contribution	<u>(10,128)</u>	<u>(10,988)</u>	<u>(10,336)</u>	<u>(7,665)</u>	<u>(7,556)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 720,193	\$ 654,165	\$ 622,651	\$ 561,085	\$ 545,260
Contributions as a percentage of covered-employee payroll	1.41%	1.68%	1.66%	1.37%	1.39%

Note: Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

See accompanying notes to required supplementary information.

CHILDREN'S SERVICES COUNCIL OF ST. LUCIE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY
September 30, 2018

The following are relevant to the Florida Retirement System (FRS) and Health Insurance Subsidy (HIS) Program:

1. Actuarial assumptions for defined benefit plans are reviewed annually by the Florida Retirement System. The FRS Pension Plan has a valuation performed annually, whereas the HIS Program has a valuation performed biennially which was updated for GASB reporting in the year a valuation was not performed. The most recent experience study for the pension plan was completed in 2014 for the period of July 1, 2008 through June 30, 2013.
2. Method and assumptions used in calculation of actuarially determined contributions:

FRS Pension Plan

Valuation Date	July 1, 2017	July 1, 2018
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Discount Rate	7.10%	7.10%
Investment Rate of Return	7.50%	7.40%
Projected Salary Increases	3.25%	3.25%
Rate of Inflation Adjustment	2.60%	2.60%

Mortality assumption:

Generational RP-2000 with Projection Scale BB Tables

HIS Program

Valuation Date	July 1, 2017	July 1, 2018
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Discount Rate	3.58%	3.87%
Investment Rate of Return	N/A	N/A
Projected Salary Increases	3.25%	3.25%
Rate of Inflation Adjustment	2.60%	2.60%

Mortality assumption:

Generational RP-2000 with Projection Scale BB Tables



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**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**

To the Council Members
Children's Services Council of St. Lucie County
Port St. Lucie, 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 Children's Services Council of St. Lucie County (the "Council"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated March 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Children's Services Council of St. Lucie County'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 Services Council of St. Lucie County's internal control. Accordingly, we do not express an opinion on the effectiveness of Children's Services Council of St. Lucie County'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 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 over financial reporting 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.

To the Council Members
Children's Services Council of St. Lucie County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children's Services Council of St. Lucie County'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 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.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants
Fort Pierce, Florida

March 8, 2019



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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MANAGEMENT LETTER

To the Council Members
Children's Services Council of St. Lucie County
Fort Pierce, Florida

Report on the Financial Statements

We have audited the financial statements of the Children's Services Council of St. Lucie County as of and for the year ended September 30, 2018, and have issued our report thereon dated March 8, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 8, 2019, 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 financial audit report. There were no recommendations made in the preceding audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Children's Services Council of St. Lucie County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Children's Services Council of St. Lucie County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Fort Pierce / Stuart

To the Council Members
Children's Services Council of St. Lucie County

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2018 for Children's Services Council of St. Lucie County. It is management's responsibility to monitor the Children's Services Council of St. Lucie County's financial condition, and our financial condition assessment was based in part on representations made by management and of review of financial information provided by the same.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 note 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 Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

March 8, 2019



Berger, Toombs, Elam,
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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Council Members
Children's Services Council of St. Lucie County
Port St. Lucie, Florida

We have examined Children's Services Council of St. Lucie County's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2018. Management is responsible for Children's Services Council of St. Lucie County's compliance with those requirements. Our responsibility is to express an opinion on Children's Services Council of St. Lucie County's compliance based on our examination.

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

In our opinion, Children's Services Council of St. Lucie County complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2018.

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

March 8, 2019