

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2017

Investing in Their Future... **Because All Children Are Our Children**



The Children's Trust is a Special Independent Taxing District located in Miami-Dade County, Florida



Because All Children Are Our Children

THE CHILDREN'S TRUST
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

Issued By:

James R. Haj
President & Chief Executive Officer

Prepared By the Finance Department:

William Kirtland, CPA, Chief Financial Officer
Wendy Duncombe, CPA, Controller

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Introductory Section

2017





Board of Directors

Laurie Weiss Nuell
Chair
Lily de Moya
Vice Chair
Kenneth C. Hoffman
Treasurer
Vacant
Secretary

Magaly Abrahante, Ph.D.
Daniel Bagner, Ph.D.
Miguel Balsera, Ph.D.
Rodester Brandon
Rep. Nicholas Duran
Antonia P. Eyssallenne, M.D.
Gilda Ferradaz
Alvin Gainey
Mindy Grimes-Festge
Nelson Hincapie
Pamela Hollingsworth
Steve Hope
Esther Jacobo
Tiombe Bisa Kendrick-Dunn
Inson Kim
Marissa Leichter
Frank Manning
Susan Neimand, Ph.D.
Marta Pérez, Ph.D.
Judge Orlando Prescott
Hon. Isaac Salver
Com. Xavier L. Suarez
Mark Trowbridge
David Turino
Karen Weller

David Lawrence Jr.
Founding Chair

James R. Haj
President & CEO

County Attorney's Office
Legal Counsel

March 1, 2018

To the Board of Directors of The Children's Trust:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of The Children's Trust, Miami, Florida (The Trust), for the fiscal year ended September 30, 2017. Florida Statutes require that every independent special taxing district of local government publish, within nine months of the close of each fiscal year, a complete set of audited financial statements. In addition to meeting this legal requirement, this report represents The Trust's tradition of full financial disclosure.

The CAFR's role is to assist stakeholders in making economic, social and political decisions, and in assessing the accountability of The Trust to the citizenry by:

- Comparing actual financial results with the legally adopted annual budget;
- Assessing The Trust's financial condition and results of operations;
- Demonstrating compliance with finance-related laws, rules and regulations; and
- Evaluating the efficiency and effectiveness of The Trust's operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management of The Trust. We believe the data, as presented, is accurate in all material respects and that it is organized in a manner to fairly present the financial position and results of The Trust's operations. Moreover, all disclosures that are necessary to enable the reader to gain an understanding of The Trust's financial activities have been included.

Caballero Fierman Llerena + Garcia, LLP independent auditors, has issued an unmodified opinion of The Trust's financial statements for the fiscal year ended September 30, 2017. The independent auditors' report is located at the front of the financial section of this report. The Trust's financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Trust's Management Discussion and Analysis document (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements the letter of transmittal and should be read in conjunction with it.

Accounting and Internal Controls:

Management of The Trust is responsible for establishing and maintaining an internal control system to ensure that assets of The Trust are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. An internal control system provides reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived; and
- The valuation of costs and benefits requires estimates and judgments prepared by management.

Profile of The Children's Trust:

The Children's Trust is the geographically largest of Florida's eight independent Children's Services Councils (CSCs) created under Chapter 125 of the Florida Statutes (the Statute), which authorizes counties to pursue a voter referendum that provides authority to tax property to fund programs for children and families. The Trust was approved by the voters of Miami-Dade County (the County) by special referendum on September 10, 2002, and was established as an independent special taxing district. A "sunset provision" required that the initiative be returned within five years for voter approval, and that vote took place August 26, 2008. Despite the difficult economic climate, Miami-Dade County voters decided in overwhelming numbers – by 86 percent – to reauthorize The Children's Trust to continue to provide high quality services to children and families of the County.

The Trust operates under the guidance of a thirty-three (33) member board of directors (the Board) comprised of: seven individuals recommended by the Miami-Dade Board of County Commissioners and appointed by the Governor; twenty-two (22) members appointed by virtue of the office or position they hold within the community; and four members-at-large appointed by a majority of the Board. Board members appointed by the Governor serve four-year terms. The youth representative member and the State of Florida legislative delegate member each serve a one-year term. Members appointed by reason of their position are not subject to term limits. All other members serve two-year terms.

The Trust's mission is to "partner with the community to plan, advocate and fund strategic investments that improve the lives of all children and families in Miami-Dade County." To accomplish this goal, the Statute allows The Trust to levy a tax of up to 0.5000 mills of the assessed property tax value. The Trust is not a component unit of any other governmental unit, nor does it meet the criteria to include any governmental organization as a component unit.

The jurisdiction of The Trust is contiguous with Miami-Dade County, the largest county in Florida. It is located along the southeast tip of the Florida peninsula, bound by Biscayne Bay and the Atlantic Ocean to the east, Everglades National Park to the west, the Florida Keys to the south and Broward County to the north. It occupies an area of more than 2,000 square miles, one-third of which is located in Everglades National Park. Due to its proximity to the southern hemisphere and high volume of travel and trade within the region, Miami-Dade County is often referred to as the "Gateway to Latin America and the Caribbean."

Operational Leadership:

The Trust has developed a robust leadership role in the Miami-Dade community. Management of The Trust is especially vigilant to ensure that funding processes remain transparent, fair and equitable, and that funding is awarded to the highest quality programs, while balancing the need to provide critical services to our most impoverished communities. Our motto "Because All Children Are Our Children" guides the work of The Trust, which involves ensuring that children receive the family and community supports that build the essential foundations every child needs, and deserves, to grow up healthy and happy. These foundations include healthy relationships, high quality learning environments from birth, prosperity and financial stability, as well as healthy environments and supportive services.

The Trust's current strategic plan aligns with The Trust's three-year competitive funding cycle; implementation of the new plan began in 2015 with recommendations to fund over 200 direct-service contracts. Prior to approval of the strategic plan, The Trust engaged our community in a series of meaningful conversations, while simultaneously facilitating many board and staff strategic planning sessions over the course of a year to develop an inclusive strategy that reflects the rich diversity and critical needs of Miami-Dade County's children and families. The strategic plan aims to continue collaboration, transparency and accountability to the community and is designed to be a flexible, living document to guide The Trust in responding to community needs. While the centerpiece of The Trust's investment strategy is funding direct services, we recognize and acknowledge that children do not live in programs, but rather in families and communities. To this effect, The Trust is committed to engaging other funders, and the larger community, as we embark on operationalizing the current strategic plan and shared vision.

Economic Conditions and Outlook:

With all of its rich diversity, Miami-Dade County is a wonderful place to live, work and raise a family. Its appeal includes a diverse association of multi-ethnic communities. As has been the case across the nation and international community, the County was deeply affected by the economic decline experienced in 2008, when many systemic imbalances sparked by a global recession. Now nine years into the post-recession era, it is apparent

that the domestic and international drivers of the local economy indicate the County is strategically poised to sustain its economic prosperity that began in late 2010.

Based upon current availability of data, by nearly all broad measures, the Miami-Dade County economy is strong.

The Miami-Dade Department of Regulatory & Economic Resources Planning Research & Economic Analysis Section most recently issued “Analysis of Current Economic Trends” reports that the annual growth rate of total real GRP per total employed workers averaged -1% between 2011 and 2016. Over this time period both GRP and employment grew, and the decrease is a result of real GRP growing at a slower rate than employment growth. Sectors that experienced growth of output per worker since 2011 included: agriculture, up 3.4%; retail trade, up 0.7%; information, up 5.7%; finance and insurance, up 2.2%; administrative and waste management services, up 0.6%; health care, up 1.0%; and arts, entertainment and recreation, up 1.1%. Government and government enterprises shows productivity as unchanged over the past five years. Since the previous economic peak in 2007, only three sectors have exceeded their peak levels of output per employee. These three were information, health care and social assistance, arts, entertainment and recreation. The following sections are key economic trends, data and analysis.

Payroll Employment Data

Total nonfarm employment in Miami-Dade County posted its 29th consecutive gain in the second quarter (2017:Q3) compared to last year (2016:Q3). Nonfarm payroll employment added 15,000 workers (+2.0%) year over year after seasonal adjustment to 1,179,000 employees. Over the 29 consecutive quarters of growth, year-over-year gains have averaged 2.7%, the equivalent of approximately 6,930 additional jobs, per quarter. Over the expansion which began in 2010:Q1, the county has added nearly 201,000 total jobs.

The employment gains experienced over the past four quarters were again driven by the private sector, which accounted for an additional 13,200 jobs (+1.3%), to total 1,036,000 jobs. Growth in the private-service industries in 2017:Q3 included the following highlights:

- Leisure and hospitality, gaining 5,300 jobs (+3.8%)
- Education and health services, adding 5,000 jobs (+2.8%)
- Wholesale trade increasing 2,800 jobs (+3.8%)
- Other services up 2,700 jobs (+5.0%)
- Transportation, warehousing and utility up 2,700 jobs (+3.8%)

Some decline occurred in the private-service industries in 2017:Q3 included the following highlights:

- Employment in professional services lost 3,300 jobs (-1.9%)
- Information shed another 300 jobs (-1.5%)
- Finance activities and retail trade remained nearly flat between 2016 Q3 and 2017:Q3.
- The goods-producing sector lost 2,000 jobs, most of which occurred in construction which fell 1,300 positions (-3.0%)
- Manufacturing lost 700 jobs (-1.7%)

Employment in the public sector grew to 143,000 jobs in 2017:Q3, after adding an additional 1,800 (+1.3%) jobs in local, state and federal jobs year over year. Over the year, Florida's total nonfarm employment was up 167,000 jobs (+2.0%), raising nonfarm employment to 8,598,500 jobs in 2017:Q3 compared to 8,431,100 jobs a year earlier.

Wage Data

The average weekly wage, inflation-adjusted, for a Miami-Dade worker across all industries in 2017:Q3 was up 1.5% from a year earlier but down 1.1% from the second quarter to \$799. Since the precession peak in 2007:Q3 at \$951 per week, the average weekly county wage, adjusted to 2016 dollars, is down 16.0%. In 2017:Q3, the Miami-Dade average weekly wage was 90% of the national weekly average.

Average hours worked in Miami-Dade in 2017:Q3 decreased significantly, to 34.1 hours per week, down 2.6% from 2017:Q2. This is most likely a consequence of hurricane Irma and should be reversed in the next data release. Average Miami-Dade hours worked are slightly below the 2017:Q3 national average of 34.5 hours worked, up 0.2% from the second quarter.

Labor Force and Unemployment: Household Survey Data

The household employment and unemployment data for Miami-Dade County residents in the third quarter showed continued strong growth. Over the four quarters ending 2017:Q3, the county has added 56,128 jobs, after seasonal adjustment, an increase of 4.4%, and was up 1.7% over the previous quarter, 2017:Q2 to total 1.39 million jobs. The labor force also grew from the third quarter of 2016, adding 47,726 workers, up 3.5% from 2016:Q3. As a result, the seasonally adjusted unemployment rate decreased from 5.0% in 2017:Q2 to 4.6% in 2017:Q3. Compared to one year ago, 2016:Q3, there were 8,400 fewer residents reported as unemployed, a decrease of 11.6%. The total number of unemployed residents stands at 63,700 as of the third quarter. The statewide seasonally-adjusted unemployment rate dropped to 4.0% in 2017:Q3 with the labor force increasing 2.7% year over year, and employment gaining 3.7% year over year. The labor force participation rate in Miami-Dade County average 62.3% for the 12 months ending September 2017. This is up 59.6% from the same period in 2016 and 60.8% in 2015.

Real Estate Markets

Recent real estate markets indicate the following highlights:

- According to the Miami Association of Realtors (MAR), the volume of home sales continued to slow, with the number of single-family home sales in 2016:Q4 down 1.3% from the fourth quarter of the previous year, with 3,193 sales. The number of condo or townhome sales was down over 17.5% from a year earlier to 3,129. Cash sales in the single-family market were down nearly 23% from a year earlier as the cash-share of all sales dropped 29%. In the condo/townhouse, most the number of cash sales fell 27.5% year over year, but still accounted for more than half, 57.4%, of all sales in the fourth quarter.
- MAR reports home prices have continued to increase despite the slowdown in sales. The median sale price of single-family home (\$308,000) was up 14% in the fourth quarter of 2016 compared to a year earlier. The condo/townhouse median sale price (\$212,500) was up 6% from the fourth quarter of 2015.

- The S&P Case-Shiller housing price index continues to indicate the greatest housing price appreciation is occurring in the lowest tier of the market. The aggregate Miami MSA index rose 5.3% year over year in the fourth quarter. The index for the lowest priced tier in the MSA (less than \$243,000) was up 15.1% year over year. In the highest tier (greater than \$363,000), the index was up 4.0% from the fourth quarter of 2015.
- Housing affordability in Miami-Dade County continues to worsen. The housing affordability index for Miami-Dade County in 2016:Q4 declined 12.9% over the same quarter last year to 87.2, meaning the median household income is enough to afford only 87.2% of a mortgage on a median-priced home without becoming cost-burdened. This index does not take into account other costs of homeownership, such as taxes, insurance and utilities. Unlike Miami-Dade County, the national affordability index of 166.2 showed a much more affordable housing market.
- The Zillow Rental Price Index in the single-family market was down 8.0% in the fourth quarter compared to a year earlier, and it was also down by 6.2% in the multifamily market and 8.3% for condo/co-op markets. The rental price index has dropped for three quarters in a row. A drop in this index indicates greater affordability in the rental market.
- Homes in the negative equity as a share of all mortgaged homes also continued to decline rapidly in the fourth quarter of 2016, down from 15.2% to 11.1% of all mortgaged homes.
- The office market vacancy rate fell 9.3% since the fourth quarter of 2015 to the fourth quarter of 2016. The fourth quarter rate by submarket ranged from a high of 16.7% in Miami Lakes to a low of 0.0% in Hialeah Gardens. There was 2 million square feet (SF) of office space under construction in the fourth quarter, with more than 450,000 SF in the airport area, 318,000 SF in the Downtown Miami market, and 284,000 SF in Coral Gables. The average office lease rate countywide in the fourth quarter was \$30.30/SF, ranging from \$42.72/SF in Brickell to \$13.50/SF in Hialeah Gardens.
- The industrial/flex space market has remained a strong county performer. The vacancy rate from 4.3% to 3.6%, and ranged from 8.2% in the South Central market area to 1.4% in the South-Dixie-Highway market area. The average Miami-Dade County industrial and flex lease rate in the fourth quarter of 2016 was \$11.19/SF. Rates ranged from a high of \$25.34/SF in the South Central industrial submarket to \$7.65/SF in the North Miami Beach submarket. The Medley submarket, northwest of the airport along Okeechobee Road (US 27), accounted for 42% of all industrial construction in the fourth quarter with 1.8 million SF under construction. The MIA-west market had 1.2 million SF under construction in the fourth quarter.
- The retail real estate market is divided into shopping centers and stand-alone. The vacancy rate for space in centers in the fourth quarter of 2016 inched up from 3.4% to 3.5% countywide. It ranged from a high of 46.3% in the Brickell submarket, which saw more than 500,000 SF of space delivered to the market in the quarter, to a low of 0.1% in Coral Gables. Lease rates in shopping centers were up about 3.4%

countywide in the fourth quarter from 2015, from \$30.16/SF to \$31.20/SF. They ranged from a high of \$121.23/SF in the Brickell submarket to a low of \$16.84/SF in the Hialeah Gardens submarket. Construction of shopping center space in the fourth quarter of 2016 totaled 1.4 million SF, comprised of more than 450,000 SF in Downtown Miami, 440,000 SF by the airport, and 294,000 SF in Medley/Hialeah.

- The vacancy rate for stand-alone retail space countywide was up year over year, from 3.2% in the fourth quarter of 2015 to 3.6% in the fourth quarter of 2016. The Hialeah Gardens submarket had the highest vacancy rate at 15.9%, while the lowest rate (0.6%) in Miami Lakes. Aventura also had very low vacancy rate (0.9%). Lease rates in the fourth quarter of 2016, countywide, were up 5.4% to \$38.12/SF. The highest rates were again in Brickell (at \$99.19/SF). The lowest rates were in South Dade at \$15.31/SF. Construction of stand-alone retail space Countywide in the fourth quarter of 2016 totaled 1.35 million SF. The Northeast Dade submarket, with 324,000 SF under construction accounted for 24% of the total. The Downtown submarket had 244,000 SF and the Miami submarket had 210,000 SF under construction.

International Trade & Tourism

International trade is one of the major pillars of Miami-Dade County's economy. The county's total international trade by value ended 2016 with growth, posting a 4.4% gain from one year earlier. The value of total trade value increased from \$79.4 billion to \$82.9 billion. The increase was mainly fueled by total imports loaded through MIA and PortMiami, an increase of 11.8% to \$40.7 billion while total exports dropped 1.9% to \$42.2 billion.

The total inbound and outbound trade by value through PortMiami ranked 12th among all containerized seaports and through MIA ranked 5th among all airports in 2016. The top three trading partners with Miami-Dade County were South America, Central America and Caribbean, and Europe with total trade merchandise accounting for more than 79% of all trade. South America, and Central America and Caribbean experienced a decline in trade, dropping 1.2% and 2.3% to \$32 billion and \$18.4 billion respectively, while Europe trade activity surpassed \$15.1 billion, a solid increase of 21% in 2016. Looking at trade by commodity, the largest gains were seen in machinery commodities, totaling \$13.5 billion in 2016 or an increase of 1.8% from 2015. Transportation ranked 2nd among all commodities, exceeding the prior year's total of \$13.02 billion by 0.5% to \$13.09 billion. With this, the largest increase was seen at MIA, where transportation imports increased 22.4% to almost \$26.2 billion.

In terms of trade volume, PortMiami ranked 14th among all seaports by container tonnage in 2016. The total trade traffic edged up very little with total volume traded in tonnage staying virtually unchanged, where 4.03 million tons of cargo was moved through the county in 2016, with a marginal increase of 1% from the year before.

Miami-Dade County emerged as the front-runner ending 2016 with strong growth, outperforming all ports (all U.S. ports) and the Southeast Coastal Ports (this does not include Miami-Dade County and a list of Southeast Coastal Ports can be found at the end of the report). Overall, Miami-Dade County grew 4.4% year-over-year with four of the six trade regions saw trade flourish while total ports dropped 2.9%, and Southeast Coastal Ports decreased 6.2% from 2015 to 2016.

Despite South America trade being the hardest hit at all ports, Miami-Dade County managed to outperform all ports, and other Southeast Coastal Ports by expanding import activities, with Asia-other and Europe, while limiting the contraction of trade with South America.

Budget and Fiscal Policy:

The Trust's annual budget serves as the foundation for its financial planning and control. Long-term financial planning for a government usually includes some aspects related to capital expenditures and revenue and expense forecasts; however, The Trust is somewhat limited regarding capital expenditures because the Statute precludes The Trust from incurring debt of any kind. The budget is prepared by function and transfers of appropriations among programs require Board approval. Budget-to-Actual comparisons are provided in this report in the Financial Section.

The Trust's budgeted revenues are derived from the property tax levy authorized by the Statute. The Property Tax Appraiser's Office determines the property tax values by July 1 of each year. The Trust holds public hearings in September, as required under the Truth-in Millage (TRIM) Act, during which the Board sets the final tax rate and adopts the budget. On September 19, 2016, the Board adopted the budget for the 2016-2017 fiscal year, maintaining The Trust's millage rate at 0.5000 mills. The 2017 budget reflects an increase in revenues of approximately 8.3%, to \$124 million.

Major Initiatives:

This year marked the continued implementation of the board's strategic plan and funding guidance, including priority investments made through 281 contracts (up from 215) with 155 agencies (up from 128) in the areas of:

- Parenting
- Early Childhood Development
- Youth Development
- Health & Wellness
- Family & Neighborhood Supports
- Community Awareness & Advocacy and
- Program & Professional Development.

Partnerships and collaborations are critical to achieving the desired results for children and families across the community. No single strategy or program can be responsible for improving community-level indicators. Rather, the combined efforts of other funders, public and private children's agencies, faith-based communities, families, community stakeholders and residents are needed to effect community change. We fully understand this and work hard to collaborate with other funders and policymakers.

Spending over the past year has been in line with the board’s priorities and the approved budget, and we were able to invest in a number of new initiatives, such as early childhood community-research projects, expanded summer youth enrichment programs and evidence-based family strengthening clinical services.

The Children’s Trust will continue to fund an expansive and high-quality portfolio of prevention and early intervention programs for all children, and especially for those at greater risk due to family and community conditions. We have continued our commitment, both in number and quality, to the full participation of children with special needs in all programs we fund. Over the past few years, we have continued to learn from and about the community by partnering directly with residents through our community engagement team.

Certificate of Achievement for Excellence in Financial Reporting:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Trust for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2016. This was the sixth consecutive year that The Trust has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program’s requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements:

We extend our sincere appreciation to The Trust’s employees who have provided countless hours of research in the preparation and production of this report. Special thanks go to The Trust’s management for understanding the importance of the financial status of The Trust; and, as such, diligently working to ensure that the programs funded by the Trust provide quality services within our financial means. Our appreciation is also extended to the auditing firm of Caballero Fierman Llerena + Garcia, LLP for their professionalism in conducting the audit of The Trust’s basic financial statements and related note disclosures.

Respectfully Submitted,

James R. Haj
President & Chief Executive Officer

William Kirtland, CPA
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**The Children's Trust
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

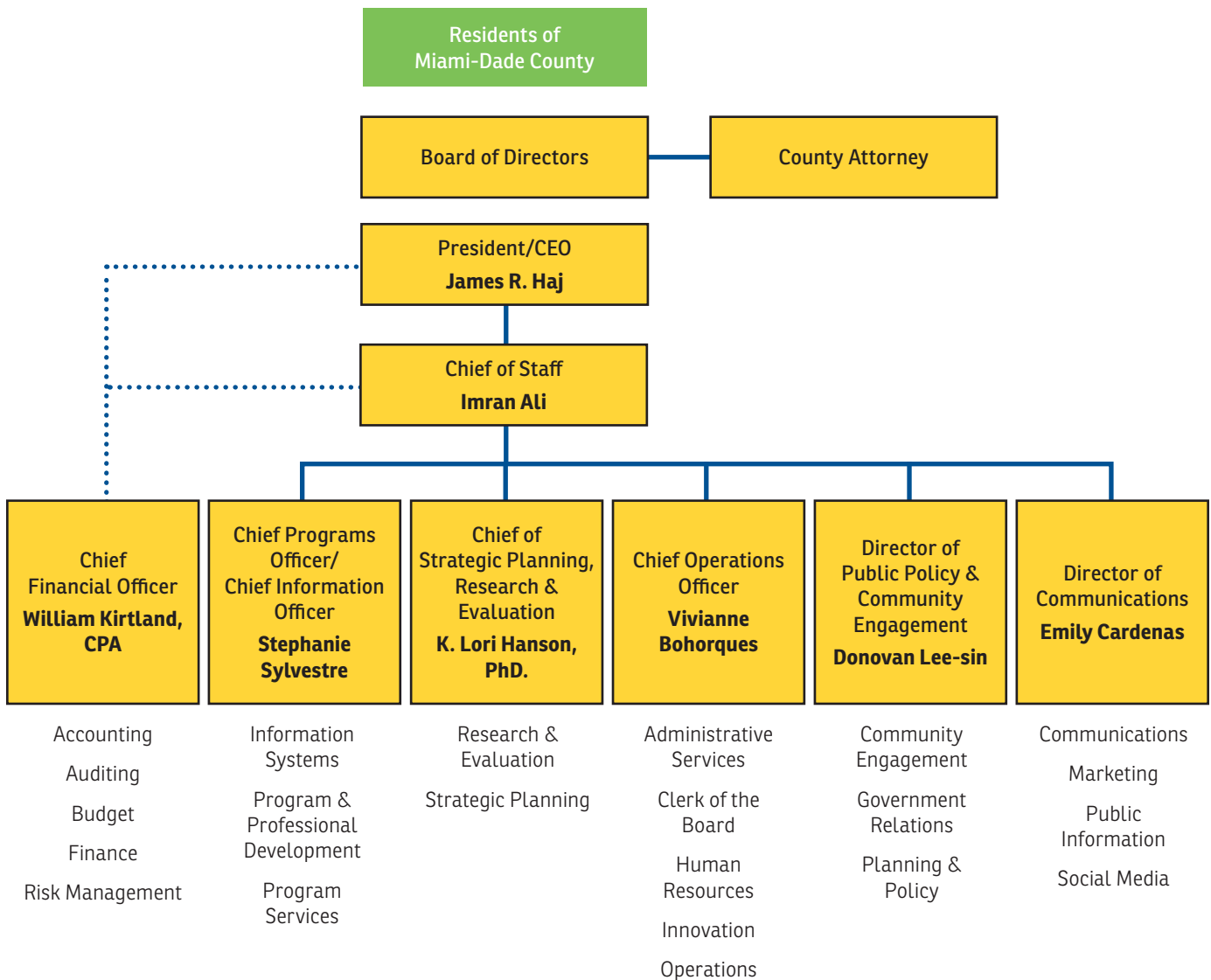
September 30, 2016

Christopher P. Morill

Executive Director/CEO

Organizational Chart

2017



List of Principal Officials

2017



BOARD OF DIRECTORS

Laurie Weiss Nuell, Chair
Lily de Moya, Vice Chair
Kenneth C. Hoffman, Treasurer
Vacant, Secretary
Magaly Abrahante, Ph.D.
Daniel Bagner, Ph.D.
Miguel Balsera, Ph.D.
Rodester Brandon
Rep. Nicholas Duran
Antonia P. Eysallenne, M.D.
Gilda Ferradaz
Alvin Gainey
Mindy Grimes-Festge

Nelson Hincapie
Pamela Hollingsworth
Steve Hope
Esther Jacobo
Tiombe Bisa Kendrick-Dunn
Inson Kim
Marissa Leichter
Frank Manning
Susan Neimand, Ph.D.
Marta Pérez, Ph.D.
Judge Orlando Prescott
Hon. Isaac Salver
Com. Xavier L. Suarez

Mark Trowbridge
David Turino
Karen Weller
David Lawrence Jr.
Founding Chair
James R. Haj
President & CEO
County Attorney's Office
Legal Counsel



Financial Section

2017



Independent Auditors' Report

2017





INDEPENDENT AUDITORS' REPORT

To the Board Members of
The Children's Trust
Miami, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of The Children's Trust ("The Trust") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise The Trust'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.

Auditors' Responsibility

Our responsibility is to express opinions 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 Trust'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 Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of The Trust, as of September 30, 2017, and the respective changes in financial position the fiscal year then ended in accordance 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's Discussion and Analysis, Schedule of Revenues Expenditures and Changes in Fund Balance – Budget to Actual – General Fund, and Pension and Other Post-Employment Benefits Schedules as listed in the table of contents on pages 3 to 17 and 64 to 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Trust's basic financial statements.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018, on our consideration of The Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Trust's internal control over financial reporting and compliance.

Draft

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 1, 2018

Management's Discussion and Analysis (MD&A)



The Children's Trust Management's Discussion and Analysis

Management of The Children's Trust (The Trust) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of The Trust's financial activities; (c) identify changes in The Trust's financial position; and (d) identify material deviations from the approved budget.

Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. Because the information contained in the Management's Discussion and Analysis is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with The Trust's financial statements and note disclosures found on pages 18 through 63.

Financial Highlights

An overview of significant financial information from fiscal year 2016-2017 includes:

- The Trust's total assets and deferred outflows of financial resources exceeded its total liabilities and deferred inflows of financial resources by \$62,421,480 (net position).
- Total net position is comprised of the following:
 - (1) Investment in capital assets of \$350,841, which include computers and furniture and equipment, net of accumulated depreciation; and
 - (2) Restricted net position of \$62,070,639, which reflects the portion of net position that pertains to The Trust's obligation for provider service contracts.
- The Trust's change in net position increased by \$16,508,018 for an ending balance of \$62,421,480; the increase is primarily related to less than anticipated expenditures for provider services.
- The Trust's expenses were \$109,911,858 for an increase of 3.4% from the previous year; the increase is primarily related to spending \$1.9 million or 2.1% more for direct service contracts and \$1.7 million or 36.8% more in relation to the interlocal agreement, property appraiser and tax collector fees.
- The Trust's governmental fund reported a total ending fund balance of \$67,029,697; this compares to the prior year ending fund balance of \$49,821,300, which represents an increase of \$17,208,397.
- The Trust's governmental fund restricted fund balance totaled \$67,026,293 and represents the net current financial resources that have been appropriated by the board for provider service contracts.

The Children's Trust

Management's Discussion and Analysis

Overview of the Financial Statements

This Management Discussion and Analysis document introduces The Trust's basic financial statements. The basic financial statements include: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. The Trust also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Trust's annual report includes two government-wide financial statements. These statements provide both long and short-term information about The Trust's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and includes the elimination or reclassification of activities between funds. The Statement of Net Position includes assets plus deferred outflows of resources, and liabilities, less deferred inflows of resources, both short and long term.

The first of these government-wide financial statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of The Trust's assets and deferred outflows of financial resources and liabilities and deferred inflows of financial resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of The Trust, as a whole, is improving or deteriorating. Evaluation of the overall health of The Trust would extend to other nonfinancial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide financial statement is the *Statement of Activities*, which reports how The Trust's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the statement of activities is to present the extent of The Trust's financial reliance on distinct activities or functions, as a result of revenues provided by The Trust's taxpayers.

The government-wide financial statements are presented on pages 18 and 19 of this report.

Fund Financial Statements

A fund is defined as an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Trust uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on The Trust's most significant funds rather than The Trust as a whole. The Trust uses only one fund, the General Fund, and it is classified as a governmental fund.

The Children's Trust Management's Discussion and Analysis

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of The Trust's governmental fund. These statements report short-term fiscal accountability focusing on the use and balance of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 through 23 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 24 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning The Trust's budget presentation. The budgetary comparison schedule i.e. the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund, is included as “required supplementary information” for the general fund. This schedule also includes Notes to Required Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund. Other schedules also presented include the Schedule of The Children's Trust's Proportionate Share of the Net Pension Liability Florida Retirement System Pension Plan, Schedule of The Children's Trust's Contributions Florida Retirement System Pension Plan, Schedule of The Children's Trust's Proportionate Share of the Net Pension Liability Health Insurance Subsidy Pension Plan, Schedule of The Children's Trust's Contributions Health Insurance Subsidy Pension Plan, and Schedule of Funding Progress – Other Post-Employment Benefits. This information is presented on pages 64 through 70.

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**The Children's Trust
Management's Discussion and Analysis**

Financial Analysis of The Children's Trust as a Whole

The following table provides a summary of The Trust's net position:

Summary of Net Position

	<u>September 30, 2017</u>		<u>September 30, 2016</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Assets				
Current assets	\$ 83,208,675	99.6%	\$ 60,936,533	99.5%
Capital assets	350,841	0.4%	296,006	0.5%
Total assets	<u>83,559,516</u>	<u>100.0%</u>	<u>61,232,539</u>	<u>100.0%</u>
Deferred outflows	<u>3,057,044</u>	<u>100.0%</u>	<u>3,132,210</u>	<u>100.0%</u>
Liabilities				
Current liabilities	16,221,382	68.1%	11,152,917	63.3%
Long-term liabilities	<u>7,587,402</u>	<u>31.9%</u>	<u>6,478,456</u>	<u>36.7%</u>
Total liabilities	<u>23,808,784</u>	<u>100.0%</u>	<u>17,631,373</u>	<u>100.0%</u>
Deferred inflows	<u>386,296</u>	<u>100.0%</u>	<u>819,914</u>	<u>100.0%</u>
Net position				
Investment in capital assets	350,841	0.6%	296,006	0.6%
Restricted	<u>62,070,639</u>	<u>99.4%</u>	<u>45,617,456</u>	<u>99.4%</u>
Total net position	<u>\$ 62,421,480</u>	<u>100.0%</u>	<u>\$ 45,913,462</u>	<u>100.0%</u>

The Trust maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of The Trust's ability to pay current obligations. At September 30, 2017, the current ratio for governmental activities is 5.13 to 1 as compared to 5.46 to 1 at September 30, 2016.

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The Children's Trust Management's Discussion and Analysis

Total Assets

Total assets were \$83,559,516 at September 30, 2017 and consists of two components: current assets and capital assets.

- Current Assets – the largest component of current assets was investments, which represents \$58,924,168, or 71%, of total assets at September 30, 2017. This amount compares to total investments of \$47,482,777, or 78%, of total assets at September 30, 2016. The increase in investments of 24% is primarily attributable to the net effect of the receipt of greater tax revenues over the prior year and actual expenditures being less than budgeted as providers did not fully utilize their contracts.
- Capital Assets – computers and furniture and equipment, net of accumulated depreciation, totaled \$350,841 at September 30, 2017 as compared to \$296,006 at September 30, 2016. The net increase of \$54,835 is related to the purchase of furniture and computers as well as the depreciation of assets during the year.

Deferred Outflows

Deferred outflows of financial resources were related to The Trust's proportionate share of pension liabilities as reported by the Florida Department of Retirement and was \$3,057,044 at September 30, 2017 as compared to \$3,132,210 at September 30, 2016.

Total Liabilities

Total liabilities consisted of six components and totaled \$23,808,784 as of September 30, 2017.

- The largest component of liabilities was accounts payable, which totaled \$15,928,185 and \$10,857,377 at September 30, 2017 and 2016, respectively, and accounted for 66.9% and 61.6% of total liabilities at September 30, 2017 and September 30, 2016, respectively. Payments due to providers represent the largest portion of accounts payable and were more than the prior year due to the combination of an increase in contract awards and the timing of the receipt of provider invoices.
- Net pension liability payable represents The Trust's proportionate share of pension liabilities as reported by the Florida Department of Retirement and totaled \$6,801,923 and \$5,781,764 at September 30, 2017 and September 30, 2016, respectively, and accounted for 28.6% and 32.8% of total liabilities at September 30, 2017 and September 30, 2016, respectively.
- Accrued expenses represent salaries and fringe benefits payable and totaled \$116,882, or less than 1% of total liabilities; whereas, accrued expenses totaled \$124,547 at September 30, 2016.
- Intergovernmental payable represent amounts due to the Florida Retirement System and totaled \$133,911, or less than 1%, of total liabilities; whereas, intergovernmental payable totaled \$83,309 at September 30, 2016.

The Children's Trust Management's Discussion and Analysis

- Compensated absences payable represents vacation and sick leave earned but not taken by employees and totaled \$424,041, or 1.8%, of total liabilities; whereas, compensated absences payable totaled \$376,838 at September 30, 2016. The estimated current portion is \$42,404.
- Other Post-Employment Benefits (OPEB) payable represents OPEB for eligible retirees for health insurance "implicit subsidy" premiums and totaled \$403,842, or 1.7%, of total liabilities; whereas, OPEB totaled \$357,538 at September 30, 2016.

Deferred Inflows

Deferred inflows of financial resources were related to The Trust's proportionate share of pension liabilities as reported by the Florida Department of Retirement and was \$386,296 at September 30, 2017 as compared to \$819,914 at September 30, 2016.

Net Position

Net position is composed of two sections: Investment in capital assets and restricted net position. Net position totaled \$62,421,480 at September 30, 2017 as compared to \$45,913,462 at September 30, 2016. In fiscal year 2016-2017, while the millage rate remained unchanged from the prior year, The Trust realized additional tax revenues of \$12.1 million or 11%, relating to the increase in property tax values and the tax base. Net position also increased from the previous year due to the increase in ad valorem tax collections as well as an increase in expenses of \$3.6 million or 3.4%, primarily related to an increase in provider services of \$2.0 million, over the prior year. The increases to revenues and expenses were strategically planned in order to provide essential services to our community's children over the breadth of the current funding cycle. With The Trust's eye toward the future, the additional revenues were allocated to launching new funding for children's services, as the needs of the community remain high. Funding of these additional services are expected to ramp up in subsequent fiscal years, along with a correlation to an increase in direct-services expenses. For fiscal year 2017-2018, The Trust scheduled releases for its new cycle of solicitations. It is anticipated that The Trust's net position will gradually decrease over time as The Trust continues to responsibly fund direct-services, utilizing its net position, with the overall combined goal of strategically reducing its net position and meeting the community needs for children's services.

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**The Children's Trust
Management's Discussion and Analysis**

The following table provides a summary of The Trust's changes in net position at September 30, 2017 and 2016:

	Governmental Activities			
	For the Fiscal Years Ended September 30, 2017		2016	
	Amount	% of Total	Amount	% of Total
Revenues:				
General:				
Ad valorem taxes	\$ 121,452,284	96.1%	\$ 109,390,359	96.5%
Investment earnings	762,253	0.6%	383,094	0.3%
Interlocal agreement	3,978,199	3.2%	3,455,550	3.1%
Miscellaneous	227,140	0.1%	164,392	0.1%
Total revenues	<u>126,419,876</u>	<u>100.0%</u>	<u>113,393,395</u>	<u>100.0%</u>
Program Expenses:				
Provider services	93,207,918	84.8%	91,252,586	85.8%
General administration:				
Personnel services	9,087,197	8.3%	9,073,088	8.5%
Materials and services	1,396,526	1.2%	1,459,123	1.4%
Interlocal agreement, property appraiser and tax collector fees	<u>6,220,217</u>	<u>5.7%</u>	<u>4,546,478</u>	<u>4.3%</u>
Total expenses	<u>109,911,858</u>	<u>100.0%</u>	<u>106,331,275</u>	<u>100.0%</u>
Change in Net Position	16,508,018		7,062,120	
Beginning Net Position	<u>45,913,462</u>		<u>38,851,342</u>	
Ending Net Position	<u>\$ 62,421,480</u>		<u>\$ 45,913,462</u>	

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The Children's Trust Management's Discussion and Analysis

Governmental Activities Revenue

The Trust realized an increase in ad valorem taxes over the prior year by \$12.0 million, or 11%. This increase is primarily attributable to an increase in new construction and property tax values. The Trust is heavily reliant on property taxes to support governmental operations. During fiscal year 2016-2017, property taxes provided 96.1% of The Trust's total revenues as compared to 96.5% in fiscal year 2015-2016. Consequently, The Trust's dependence on property taxes remained fairly unchanged.

Governmental Activity Expenses

During fiscal year 2016-2017, total expenses increased by approximately \$3.6 million, or 3.4%, when compared to fiscal year 2015-2016. The increase in expenses was primarily related to spending 2.0% more for direct service contracts, due to strategically investing in more programs for children and families, as well as the first time charge for statutorily mandated property appraiser fees of \$1,036,830.

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The Children's Trust Management's Discussion and Analysis

Governmental Fund Financial Statement Analysis

This section presents condensed financial information from the fund financial statements. The balance sheet is found on page 20 and the statement of revenues, expenditures and changes in fund balances is found on page 22.

The Trust completed its fourteenth year of operations with an ending fund balance of \$67,029,697 as compared to \$49,821,300 at September 30, 2016. Of this total, \$3,404 is nonspendable at September 30, 2017 and the remaining balance of \$67,026,293 is restricted for provider services.

Revenues

Fiscal year 2016-2017 represents the fourteenth year of The Trust's operations and the fourteenth year that The Trust levied ad valorem taxes. Revenues totaled \$126.4 million as compared to \$113.4 million reported in the previous year. The general classes of revenues reported include:

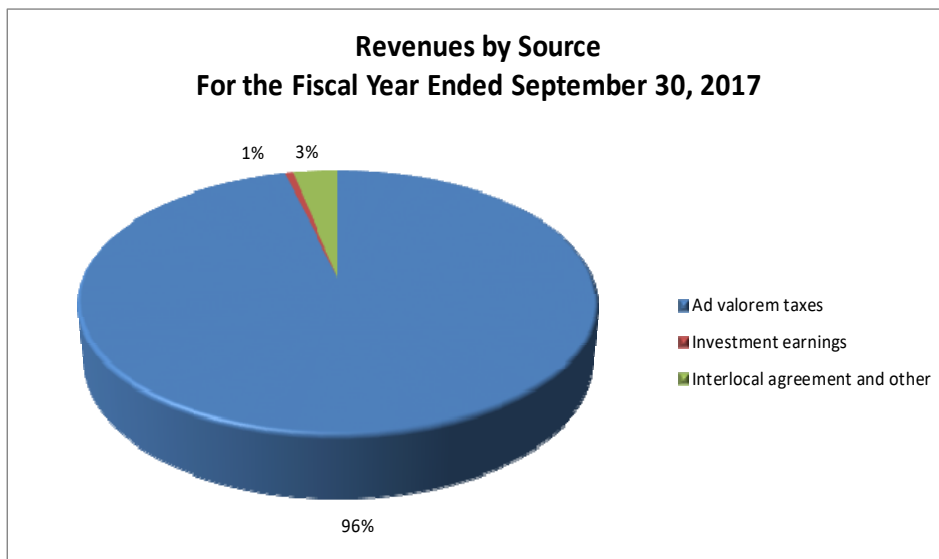
- **Ad valorem taxes** - The Trust's primary source of revenue. The Trust levied .5000 mills on September 19, 2016. This levy resulted in revenue of \$121.4 million, or 96.1%, of total revenues, which The Trust began receiving in November, 2016. The 2015-2016 levy of .5000 mills resulted in \$109.4 million. This increase was the result of more revenue collected, which is associated with the increase in property values from \$232 billion to \$252 billion, or 8.6%.
- **Investment earnings** - Totaled \$762,253. The Trust places most of its idle cash in money market funds and certificates of deposit. The increase is due to interest earned on additional investments, primarily due to higher property tax revenues, that was attributable to the increase in property tax values and the tax base, as well as an increase in interest rates from the prior year.
- **Inter-local agreement** - The Trust has agreements with three Community Redevelopment Agencies (CRA), which provide that The Trust is eligible to share in any tax increment revenues that remain at the end of the CRA's fiscal year. These three CRAs were required to return \$3,978,199, or 100%, of the funds paid by The Trust in relation to the CRA. Detailed information on the CRA inter-local agreements can be found on page 63. The 2015-2016 CRA inter-local agreement revenue totaled \$3,455,550.
- **Other revenue** - The Trust recognized \$227,140 for miscellaneous items.

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**The Children's Trust
Management's Discussion and Analysis**

The following table represents the revenues of The Trust for the fiscal years 2016-2017 and 2015-2016:

Revenues by Source - Governmental Fund		
For the Fiscal Years Ended September 30,		
Revenue Source	2017	2016
Ad valorem taxes	\$ 121,452,284	\$ 109,390,359
Investment earnings	762,253	383,094
Interlocal agreement and other	4,205,339	3,619,942
Total	\$ 126,419,876	\$ 113,393,395



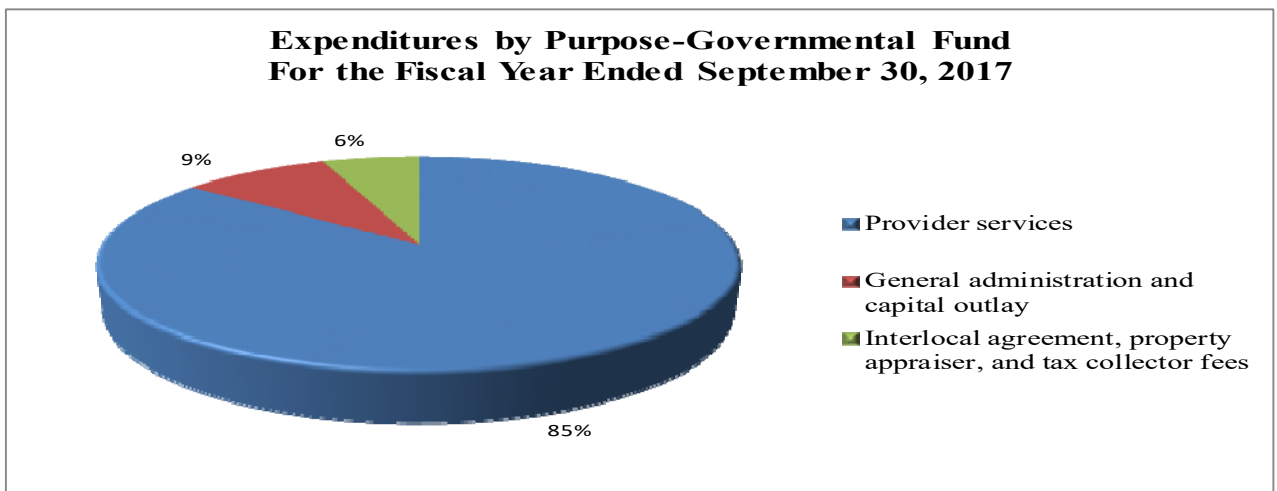
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**The Children's Trust
Management's Discussion and Analysis**

Expenditures

Expenditures of the governmental fund totaled \$109,211,479 for fiscal year 2016-2017 as compared to \$106,056,405 in fiscal year 2015-2016. The following table represents the expenditures of The Trust for fiscal years 2016-2017 and 2015-2016:

Expenditures - Governmental Fund		
For the Fiscal Years Ended September 30,		
Purpose	2017	2016
Provider services	\$ 93,335,919	\$ 91,252,586
General administration and capital outlay	9,655,343	10,257,341
Interlocal agreement, property appraiser, and tax collector fees	6,220,217	4,546,478
Total	\$ 109,211,479	\$ 106,056,405



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The Children's Trust

Management's Discussion and Analysis

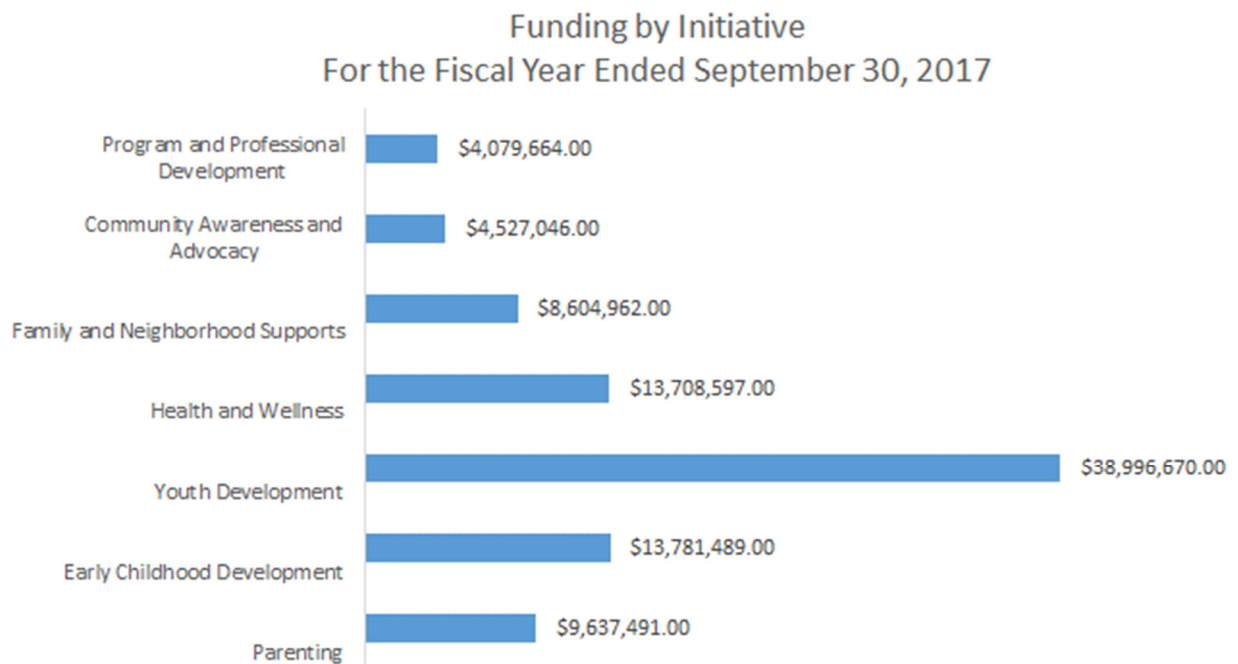
During its fourteenth year of operations, The Trust's total expenditures were more than the previous year primarily due to spending 3.0% more for direct services and first time payment of the state mandated property appraiser fee. Total expenditures during fiscal year 2016-2017 were approximately \$109 million, which represents an increase from the \$106 million expended during fiscal year 2015-2016.

- Provider services totaled approximately \$93.3 million and accounted for 85.5% of The Trust's expenditures in fiscal year 2016-2017; whereas, provider services totaled approximately \$91.2 million in fiscal year 2015-2016 for an increase of approximately \$2.1 million, or 2.3%, from the prior year; this increase is primarily attributable to strategically investing more toward direct services for children and families. The Trust's major initiatives included:
 - Youth development programs were awarded a significant amount of funding for the fourteenth consecutive year. Surveys show that parents place a high priority on these programs, which includes: after-school programs and summer camps; reading enhancements; and youth enrichment, employment and supports. In fiscal year 2016-2017, The Trust spent approximately \$38.9 million, or 41.8%, of the total provider services expenditures on youth development programs.
 - Health and wellness related programs had its eleventh consecutive year of operations in fiscal year 2016-2017. The Trust spent approximately \$13.7 million, or 14.7%, of the total provider services expenditures for this initiative, which includes: comprehensive school-based health, insurance enrollment, injury prevention education and food and nutrition.
 - Early Childhood Development programs, which entails quality counts child care quality improvement; early care and education slots; and developmental screening, assessment and early intervention, is another one of The Trust's major initiatives. During fiscal year 2016-2017, The Trust spent \$13.7 million, or 14.8%, of total provider services expenditures for early childhood development programs.
 - Parenting programs includes promoting group parenting and advocacy as well as home visitation and individual parenting. During fiscal year 2016-2017, The Trust spent approximately \$9.6 million, or 10.3%, of total provider services expenditures for parenting programs.
 - Family and Neighborhood Supports programs aim to provide critical supports for children, youth and families facing specific challenging life experiences. During fiscal year 2016-2017, The Trust spent approximately \$8.6 million, or 9.2%, of total provider services expenditures for family and neighborhood supports programs.
 - Community Awareness and Advocacy represent another of The Trust's major initiatives. The purpose of this initiative includes promoting public policy and legislative agendas; public awareness and program promotion; citizen engagement and leadership in effort to improve child and family conditions; and cross-funder collaboration of goals, strategies and resources. During fiscal year 2016-2017, The Trust spent approximately \$4.5 million, or 4.9%, of total provider services expenditures for community awareness and advocacy.

The Children's Trust Management's Discussion and Analysis

- Program and Professional Development represents another of The Trust's major initiatives. The purpose of program and professional development includes providing supports for quality program implementation, program evaluation and community research, and innovation programs. During fiscal year 2016-2017, The Trust spent approximately \$4.0 million, or 4.3%, of total provider services expenditures for program and professional development.

The chart below illustrates expenditures for provider services by initiative for fiscal year 2016-2017.



- General administration and capital outlay totaled \$9,655,343 of The Trust's expenditures. Expenditures for staff salaries and benefits were approximately \$8.3 million and accounted for 86.3% of total administration expenditures. The remaining balance was expended for professional services, rent for office space, insurance, office supplies and other general administration costs. General administration and capital outlay costs totaled \$10,257,341 for fiscal year 2015-2016.
- Other expenditures in fiscal year 2016-2017 were \$6,220,217 and represented expenditures to the three CRAs of \$3,978,199 and to the property appraiser and tax collector of \$2,242,018. More detailed information on the CRA inter-local agreements can be found on page 63. Fees paid to the property appraiser and tax collector are based on the operating budgets of these agencies and are allocated among the taxing districts served. Other expenditures in fiscal year 2015-2016 were \$4,546,478.

The Children's Trust Management's Discussion and Analysis

Capital Assets and Debt Administration

The Trust's investment in capital assets, net of accumulated depreciation, for governmental activities was \$350,841 at September 30, 2017. Computer hardware and software represented \$185,698 of this amount. The remaining balance represents The Trust's investment in furniture and equipment. 68.1% of the capital assets are depreciated. Additional information on The Trust's capital assets can be found on pages 30 (Note 1-E-4), 42 (Note 3-E), and 61 (Note 3-L) of this report.

With respect to debt, The Trust is prohibited, per Florida State Statute 125.901, from issuing any type of debt instrument including the issuance of bonds of any nature.

General Fund Budget

Annual budgets have been legally adopted in accordance with a budget format required by the State of Florida Department of Financial Services Uniform Accounting System. The Trust's board may amend the budget prior to the acceptance of the annual financial audit and in accordance with time limitation of the Florida Statutes. The Trust's 2016-2017 annual budget was amended. The amended budget may be found on page 64 (budgetary comparison schedule i.e. Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund) in the required supplementary information section.

In fiscal year 2016-2017, variances between originally budgeted revenues of \$124.0 million and actual revenues of \$126.4 million were attributable to the increase in the ad valorem tax revenues, Interlocal agreement revenue and investment and miscellaneous earnings, which were greater than the budgeted amount by of \$1,117,136, \$508,199, and \$739,393, respectively.

Variances between total originally budgeted expenditures of \$128.0 million and total actual expenditures of \$109.2 million were primarily attributable to providers incurring less expenditures than initially budgeted by approximately \$18.8 million. Conservatively, The Trust prepares its budget based on full contract award amounts; whereas, providers typically do not spend their awards at full value. Additionally, The Trust released a new funding initiative, and as is typical with new initiatives, in the first year of the initiative the ramp up takes time for both The Trust and providers.

The budgetary comparison schedule i.e. Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund is found in the required supplementary information section.

Economic Factors, Next Year's Budget and Tax Rates

The Trust's economic condition is closely aligned to Miami-Dade County's (County) fiscal and economic growth. During the first five years of The Trust's operations, the County experienced a period of tremendous growth in property values and the tax base until 2008, when the final gross taxable value was \$248 billion. The County's improving economic conditions are evident as the 2016-2017 final gross taxable value was \$252 billion and the current valuation for fiscal year 2017-2018 is \$274 billion, for an increase of \$22 billion, or 8.7%.

The Children's Trust Management's Discussion and Analysis

The fiscal year 2017-2018 budget reflects ad valorem tax revenues of approximately \$121.9 million, which required a tax levy of .4673 mills. The budget was developed to ensure the successful implementation of the board's strategic plan. The 2017-2018 fiscal year millage rate was less than the prior year by .0327 mills as the rolled-back rate, which is the rate that requires The Trust to collect the equivalent amount of revenue that was collected in the previous year, was used. The Trust is authorized to levy up to .5000 mills.

The operating budget for fiscal year 2017-2018 is approximately \$138.9 million, which is more than the previous year's operating budget of \$128.0 million, by \$10.9 million, representing a 8.5% increase. This increase was strategically planned for as The Trust prepares to release a new funding cycle, making the upcoming funding cycle one of The Trust's largest competitive solicitations since its inception, allowing for the increased investment in children and families programs.

Requests for Information

This CAFR is designed to provide our citizens and taxpayers with a general overview of The Trust's finances and to show The Trust's accountability for the funds that it receives. If you have questions about this report or need additional financial information, please contact the Chief Financial Officer at 3150 SW 3rd Avenue, Miami, Florida 33129.

Basic Financial Statements

2017



These Basic Financial Statements contain Government-wide Financial Statements, Fund Financial Statements and Notes to the Basic Financial Statements



The Children's Trust
Statement of Net Position
September 30, 2017

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 23,443,152
Investments	58,924,168
Receivables:	
Property taxes	776,573
Grants	61,378
Prepaid items	3,404
Total Current Assets	83,208,675
Non-current Assets	
Capital assets being depreciated, net	350,841
Deferred Outflows of Financial Resources	
Pension Plans	
Florida Retirement System	2,540,207
Health Insurance Subsidy	516,837
Total Deferred Outflows of Financial Resources	3,057,044
Total Assets and Deferred Outflows of Financial Resources	86,616,560
Liabilities	
Current Liabilities	
Accounts payable	15,928,185
Accrued expenses payable	116,882
Intergovernmental payable	133,911
Compensated absences payable	42,404
Total Current Liabilities	16,221,382
Long-Term Liabilities	
Compensated absences payable (net of current portion)	381,637
Net pension liability:	
Florida Retirement System	4,594,995
Health Insurance Subsidy	2,206,928
Other post employment benefits payable	403,842
Total Long-Term Liabilities	7,587,402
Deferred Inflows of Financial Resources	
Pension Plans	
Florida Retirement System	139,329
Health Insurance Subsidy	246,967
Total Deferred Inflows of Financial Resources	386,296
Total Liabilities and Deferred Inflows of Financial Resources	24,195,080
Net Position	
Investment in capital assets	350,841
Restricted for:	
Provider services	62,070,639
Total Net Position	\$ 62,421,480

See accompanying notes to the basic financial statements

The Children's Trust
Statement of Activities
For the Fiscal Year Ended September 30, 2017

	Governmental Activities
Expenses - Provider Services	
Provider services	\$ 93,207,918
General administration:	
Personnel services	9,087,197
Materials and services	1,396,526
Interlocal agreement, property appraiser and tax collector fees	6,220,217
Total Expenses - Provider Services	109,911,858
General Revenues:	
Ad valorem taxes	121,452,284
Investment earnings	762,253
Interlocal agreement	3,978,199
Miscellaneous	227,140
Total General Revenues	126,419,876
Change in Net Position	16,508,018
Net Position - Beginning of Year	45,913,462
Net Position - End of Year	\$ 62,421,480

See accompanying notes to the basic financial statements

The Children's Trust
Balance Sheet - Governmental Fund
September 30, 2017

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 23,443,152
Investments	58,924,168
Receivables:	
Property taxes	776,573
Grants	61,378
Prepaid items	<u>3,404</u>
Total Assets	<u><u>\$ 83,208,675</u></u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 15,928,185
Accrued expenditures payable	116,882
Intergovernmental payable	<u>133,911</u>
Total Liabilities	<u>16,178,978</u>
Fund Balances	
Nonspendable	3,404
Restricted	<u>67,026,293</u>
Total Fund Balances	<u>67,029,697</u>
Total Liabilities and Fund Balances	<u><u>\$ 83,208,675</u></u>

See accompanying notes to the basic financial statements

The Children's Trust
Reconciliation of the Balance Sheet of Governmental Fund
to the Government-wide Statement of Net Position
September 30, 2017

Total Governmental Fund Balances	\$	67,029,697
 Amounts reported for governmental activities in the statement of net position are different because:		
 Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental fund.		
Cost of capital assets	\$ 1,099,307	
Less accumulated depreciation	<u>(748,466)</u>	350,841
 Deferred outflows for pensions reported on the government-wide statement of net position but not reported on the balance sheet - governmental fund.		
		3,057,044
 Deferred inflows for pensions reported on the government-wide statement of net position but not reported on the balance sheet - governmental fund.		
		(386,296)
 Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheet but are reported on the government-wide statement of net position.		
Other post employment benefits payable	\$ (403,842)	
Net pension liability payable	(6,801,923)	
Compensated absences payable	<u>(424,041)</u>	<u>(7,629,806)</u>
 Net Position of Governmental Activities	 \$	 <u>62,421,480</u>

See accompanying notes to the basic financial statements

The Children's Trust
*Statement of Revenues, Expenditures and
 Changes in Fund Balances*
 For the Fiscal Year Ended September 30, 2017

		<u>General Fund</u>
Revenues		
Ad valorem taxes		\$ 121,452,284
Investment earnings		762,253
Interlocal agreement		3,978,199
Miscellaneous		<u>227,140</u>
Total Revenues		<u>126,419,876</u>
Expenditures		
Personnel:		
Salaries	\$ 5,977,428	
Benefits	<u>2,354,555</u>	8,331,983
Provider services		93,335,919
Operating:		
Professional services	35,132	
Accounting/auditing/legal	319,297	
Other contractual services	24,559	
Travel, per diem and conferences	98,410	
Communications and freight services	121,000	
Rental and leases	474,133	
Insurance	83,595	
Postage and courier	7,775	
Printing and binding	15,079	
Office	8,368	
Operating	64,412	
Dues and fees	35,290	
Other current charges and obligations	<u>3,208</u>	1,290,258
Capital outlay		33,102
Non-operating allocations: Interlocal agreement, property appraiser and tax collector fees		<u>6,220,217</u>
Total Expenditures		<u>109,211,479</u>
Net Change in Fund Balance		17,208,397
Fund Balances - Beginning of Year		<u>49,821,300</u>
Fund Balances - End of Year		<u>\$ 67,029,697</u>

See accompanying notes to the basic financial statements

The Children's Trust
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Fund to the Government-wide Statement of Activities
For the Fiscal Year Ended September 30, 2017*

Net Changes In Fund Balances - Total Governmental Fund \$ 17,208,397

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. The details are as follows:

Capital outlay - Furniture and equipment	\$	8,107	
Capital outlay - Furniture and equipment, Provider Services		192,000	
Capital outlay - Computers		24,996	
Depreciation expense		<u>(170,268)</u>	54,835

The difference between pension contributions reported on the government-wide statement of activities and the governmental fund statement of revenues, expenditures and changes in fund balances. (661,707)

Some expenses reported in the Statement of Activities do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details are as follows:

The increase in other post employment benefits payable obligation is reported on the government-wide statement of activities but not in the governmental fund's operating statement.

Liability at 9/30/2017	\$	(403,842)	
Liability at 9/30/2016		<u>357,538</u>	(46,304)

Compensated absences payable reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability at 9/30/2017	\$	(424,041)	
Liability at 9/30/2016		<u>376,838</u>	(47,203)

Change In Net Position of Governmental Activities \$ 16,508,018

See accompanying notes to the basic financial statements

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

The Children's Trust

The Children's Trust (The Trust) is a special independent taxing district established pursuant to Section 1.01(A) (11) of the Miami-Dade County (the County) Home Rule Charter, Ordinance #02-247 of Miami-Dade County, Florida and Section 125.901 of the Florida Statutes.

Note 1 - Summary of Significant Accounting Policies

The financial statements of The Trust have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of The Trust's accounting policies are described below.

1-A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of The Trust consists of all funds, departments, boards and agencies that are not legally separate from The Trust. For The Trust, this entity is limited to the legal entity, The Children's Trust. The Trust is a special independent taxing district established pursuant to Section 1.01(A) (11) of the Miami-Dade County Home Rule Charter, Ordinance #02-247 of Miami-Dade County and Section 125.901 of the Florida Statutes. The Trust is controlled by a governing board consisting of thirty-three (33) members. The thirty-three (33) member board is comprised of seven individuals recommended by the Miami-Dade Board of County Commissioners and appointed by the Governor, twenty-two (22) members appointed by virtue of the office or position they hold within the community and four members-at-large appointed by a majority of the sitting members of The Children's Trust. Members appointed by the Governor serve four-year terms. The youth representative member and the State of Florida legislative delegate member serve a one-year term. Members appointed by reason of their position are not subject to length of terms. All other members serve two-year terms.

Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause The Trust's financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on The Trust. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

The financial statements include all operations over which The Trust is financially accountable. While The Trust provides funding to various agencies, each agency is financially independent. The Trust has no authority to appoint or hire management of the agencies nor does it have responsibility for routine operations of the agencies. Based upon the criterion above, the reporting entity is limited to the legal entity, The Trust.

1-B. Basis of Presentation

The Trust's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of The Trust's finances. These statements include the statement of net position and the statement of activities, and report financial information for The Trust as a whole.

The statement of net position presents the financial position of the governmental activities of The Trust. The statement of activities presents a comparison between direct expenses and program revenues for each function of The Trust's governmental activities. Direct expenses are those that are specifically associated with a function and therefore are clearly identifiable to that function. The Trust reports all expenses under a single function: Provider Services.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of The Trust's services; (2) operating grants and contributions that are used to finance annual operating activities including restricted investment income; and (3) capital grants and contributions that are used to fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions and must be used to fund related programs. To identify the appropriate function related to program revenue, the determining factor is which function generates the revenue; whereas, to identify the appropriate function for grants and contributions, the determining factor is for which function the revenues are restricted. Taxes and other revenue sources included with program revenues are reported as general revenues of The Trust.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements - The Trust segregates transactions related to certain Trust functions or activities into separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of The Trust at this more detailed level. Fund financial statements are provided for the governmental fund.

Fund Accounting - The Trust uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Trust uses the governmental fund category.

Governmental Funds - Governmental funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purposes for which they may, or must, be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Trust reports the difference between governmental fund assets and liabilities as fund balance. The following is The Trust's major governmental fund:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to The Trust for any purpose provided it is expended or transferred according to the general laws of Florida.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of The Trust are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - The governmental fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation of the government-wide statements to the governmental fund statements, with brief explanations, to better identify the relationship between the measurement focus of each statement.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental fund uses the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives items or services of essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For The Trust, the phrase “available for exchange transactions” means expected to be received prior to the next fiscal year end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which The Trust receives value without directly giving equal value in return, and include primarily property taxes and grants. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which The Trust must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to The Trust on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions (property taxes) also must be available (i.e., collected within 60 days subsequent to year end) before it can be recognized. Revenues pertaining to inter-local agreements are recognized as soon as eligibility requirements posed by the agreement have been met.

Under the modified accrual basis, the following revenue sources are considered to be predisposed to accrual: property taxes, federal and state grants, and inter-local agreements.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On both the government-fund financial statements and the government-wide financial statements, revenues are recognized when all eligibility requirements are met and are considered unearned as it relates to cash advances.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Deferred Outflows of Financial Resources, Liabilities, Deferred Inflows of Financial Resources and Fund Equity

1-E-1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents - Cash and cash equivalents are considered to be cash on hand. Cash and cash equivalents are reported on the balance sheet.

Investments – Section 218.415(17), Florida Statutes, limits the types of investments that The Trust can invest in unless specifically authorized in The Trust's investment policy. The Trust's policy allows for the following investments:

- U.S. Treasury obligations;
- U.S. government agency and instrumentality obligations;
- Interest bearing certificates of deposit;
- Bankers' acceptances with an original maturity not exceeding 180 days, issued on domestic banks or branches of foreign banks domiciled in the U.S. and operating under U.S. banking law, whose senior long-term debt is rated, at the time of purchase, AA by Standard and Poor's, AA by Moody's, or AA by Fitch;
- Commercial paper, rated in the highest tier by a nationally recognized rating agency, issued on U.S. companies and denominated in U.S. currency with a maturity not exceeding 270 days from the date of purchase;
- Investment-grade obligations of state, provincial and local governments and public authorities;
- Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments with a defined termination date of 180 days or less collateralized by U.S. Treasury notes, bonds or bills with a maturity not exceeding 10 years;
- Money market mutual funds regulated by the Securities and Exchange Commission;
- Corporate bonds issued by U.S. companies and denominated in U.S. currency which are rated at least A1/P1 for short-term debt and/or AA-/Aa3; and
- Local government investment pools.

Investments are categorized according to the fair value hierarchy established by GASB Statement No. 72. Investments of The Trust are stated at fair value based upon quoted market prices.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-2. Receivables

All provider, donation, grants, property tax and intergovernmental receivables are reported net of an allowance for uncollectible accounts, where applicable.

1-E-3. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2017 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, as this amount is not available for general appropriation.

1-E-4. Capital Assets

General capital assets are those assets specifically related to activities reported in the general fund. These assets generally result from expenditures in the general fund. The Trust reports these assets in the governmental activities column of the government-wide statement of net position, but does not report these assets in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value (the price that would be paid to acquire an asset with an equivalent level service potential in an orderly market transaction at the acquisition date). The Trust maintains a capitalization threshold of \$1,000. Significant improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are expensed.

All reported capital assets are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Useful Lives
Furniture and equipment - Trust	10 years
Furniture and equipment - provider	3 - 10 years
Computer hardware and software	3 years

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-5. Compensated Absences Payable

Vacation and other compensated absences benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence payables include salary-related payments, where applicable.

The total compensated absence payable is reported on the government-wide financial statements. The governmental fund reports the compensated absence liability at the fund reporting level only "when due." The general fund is used to liquidate such amounts.

1-E-6. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds.

1-E-7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement section, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until that time. The Trust currently reports deferred outflows related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement section, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Trust currently reports deferred inflows related to pensions in the government-wide statements.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-8. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which The Trust is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by The Trust or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can only be used for specific purposes pursuant to constraints imposed by formal action of the Board through the approval of a resolution. Only the Board may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by The Trust’s intent to be used for specific purposes, but are neither restricted nor committed. Only the Board may assign fund balances.
- **Unassigned** - Fund balances are reported as unassigned as a residual amount when the balances do not meet any of the above criterion. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is The Trust's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is The Trust's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Minimum Fund Balance – In the General Fund, The Trust has a minimum fund balance policy whereby The Trust strives to maintain a minimum fund balance that is equivalent to two months of operating expenditures. This minimum amount is required to manage cash in-flows and out-flows, emergencies and other unforeseen events until tax revenue is received as The Trust is prohibited by Ordinance #02-247 of Miami-Dade County from issuing short-term debt instruments.

Net Position - Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position investment in capital assets consists of capital assets, net of accumulated depreciation. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by The Trust or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

1-E-9. Estimates

The preparation of the financial statements in conformity with accounting policies generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-10. Implementation of New GASB Standards

In fiscal year 2016-2017, The Trust implemented the following GASB Statements:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The Trust adopted GASB 74 in the current fiscal year financial statements. The adoption of GASB 74 did not have an impact on The Trust's financial statements as The Trust does not administer the plan through a trust.

Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The Trust adopted GASB 77 in the current fiscal year financial statements. The adoption of GASB 77 did not have a significant impact on The Trust's financial statements.

Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. The Trust adopted GASB 78 in the current fiscal year financial statements. The adoption of GASB 78 did not have a significant impact on The Trust's financial statements.

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The Trust adopted GASB 79 in the current fiscal year financial statements. The adoption of GASB 79 did not have a significant impact on The Trust's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Trust adopted GASB 80 in the current fiscal year financial statements. The adoption of GASB 80 did not have a significant impact on The Trust's financial statements.

Statement No. 82, *Pension Issues—An Amendment of GASB Statements No. 67, No. 68, And No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The Trust is currently evaluating the implementation requirements of this Statement.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 2 –Stewardship, Compliance and Accountability

2-A. Budgetary Information

The Trust adopts an annual operating budget for its general fund.

The budget is adopted on a basis consistent with accounting policies generally accepted in the United States of America. The legal level of control (the level at which expenditures may not legally exceed appropriations) for the adopted annual operating budget generally is the function level as defined in the adopted budget.

Only the Board may amend the budget; all budget appropriations lapse at year-end.

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Deposits - Florida statutes authorize the deposit of The Trust's funds in demand deposits or time deposits of financial institutions approved by the State Treasurer, defined as qualified public depositories (QPD). In the event of a bank failure, the remaining public depositories would be responsible for covering any losses. All deposits of The Trust are held in a QPD. As of September 30, 2017, the balances of The Trust's cash deposits and certificates of deposit were \$23,443,152 and \$56,548,307, respectively. The Trust's main operating account and certificates of deposit are interest bearing.

Custodial Credit Risk – Deposits – The custodial credit risk for deposits is the risk that, in the event of a bank failure, The Trust's deposits or the securities collateralizing these deposits may not be recovered. The Trust's deposits at year end are considered insured and collateralized for custodial credit risk purposes.

Investments - Investments include amounts placed with the State Board of Administration (SBA) which administers the Florida PRIME that is an investment pool created by Section 218.405 and 218.417, Florida Statutes. The Florida PRIME investment pool operates under investment guidelines established by Section 215.47, Florida Statutes.

The Local Government Surplus Funds Trust Fund is a state pool managed by the SBA, who provides regulatory oversight. In order to accommodate pool participants with readily available cash, a substantial portion of the portfolio is placed in short-term securities ("Florida PRIME").

The Local Government Surplus Funds Trust Fund is governed by the rules of Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investment of the SBA.

According to the SBA, the pool follows GASB Statement No. 31, Accounting and Financial Reporting for Certain Investment and for External Investment Pools, and GASB No. 79, Certain External Investment Pools and Pool Participants, where The Trust owns a share of the respective pool, not the underlying securities. Accordingly, The Trust's investment in the Florida PRIME are stated at amortized cost. Florida PRIME is exempt from the GASB NO. 72 fair value hierarchy disclosures and reports at amortized costs. Additionally, the investment in the Florida PRIME are not insured by FEIC or any other governmental agency.

The Trust's investments in Florida PRIME, which SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Investment Pools and Pool Participants – In accordance with GASB Statement No. 79, as The Trust has its investment in Florida PRIME, which is a qualifying external investment pool that measures for financial reporting purposes all of its investment at amortized cost, The Trust is to disclose the presence of any limitation or restriction on withdrawals. In compliance with this Statement, with regard to redemption dates, Chapter 218.409(8)(a), Florida Statutes, states “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, The Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operation of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to endure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statue 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2017, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Methods Used to Value Investments – The Trust reports investments at fair value. 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. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of investments are recorded on a trade date basis.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Fair Value Hierarchy – GASB 72, Fair Value Measurement and Appreciation, states that investments that meet specific criteria should be measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets and identical assets.

Level 2 – Investment reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable inputs for an asset. Certain investments, such as money market funds and Florida PRIME are not included in the fair value hierarchy as they are reported at amortized cost. Accordingly, The Trust does not maintain any investments subject to fair value measurement at September 30, 2017.

Investments, stated at their reported value, which is also their fair value, consist of the following at September 30, 2017:

Investment type	Amount
Certificates of deposit	\$ 56,548,307
Money market investments	2,160,935
State Board of Administration: Florida PRIME	214,926
Total	\$ 58,924,168

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Money Market Investments – The Trust's investment in money market accounts is held in a qualified public depository, as required by Chapter 280, Florida Statutes.

State Board of Administration Florida PRIME - Investments with a fair value of \$1 at September 30, 2017, were in the Florida PRIME with weighted average days to maturity (WAM) of 51 days. The Trust's investment in the Florida PRIME investment pool is rated AAAM by Standard and Poor's.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The Trust has an investment policy of structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in short-term securities, money market funds, or similar investment pools unless it is anticipated that long-term securities can be held to maturity without jeopardizing investments to no more than five years, thereby avoiding the need to sell securities on the open market prior to maturity. See WAM above.

Credit Quality Risk – Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust's investment policy limits investments to those which carry the highest ratings issued by a Nationally Recognized Statistical Rating Organization (NRSRO).

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of The Trust's investment in a single issuer. The Trust's investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issuer, dealer, or bank through which these securities are bought and sold. At September 30, 2017, The Trust invested in certificates of deposit, a money market account and in the State Board of Administration.

3-B. Receivables

Receivables at September 30, 2017, consisted of property taxes and grants. Receivables are recorded on The Trust's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

3-C. Property Taxes

Property taxes consist of ad valorem taxes on real and personal property within Miami-Dade County. Property values are determined by the Miami-Dade County property appraiser, and property taxes are collected by the Miami-Dade County tax collector. The Trust is permitted, by Ordinance #02-247 of Miami-Dade County, to levy taxes up to 0.5 mills per \$1,000 of assessed valuation. Property taxes are levied each November 1 on the assessed value listed as of January 1 of the same year for real and personal property located within Miami-Dade County. The Trust adopted the tax levy for fiscal year 2016-2017 on September 16, 2016. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to four percent for early payment.

Taxes become delinquent on April 1st of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes.

The adjusted assessed value at July 1, 2016 upon which the fiscal year 2016-2017 levy was based was approximately \$252 billion. The Trust levied .5000 mills, which resulted in tax revenue of \$121,452,284 on the 2016 tax roll for fiscal year 2016-2017.

3-D. Prepaid Items

Prepaid items at September 30, 2017 consist of the following:

Insurance	<u>\$ 3,404</u>
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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Capital Assets

Capital asset activity for the year ended September 30, 2017 for governmental activities was as follows:

Asset Class	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
Governmental activities:				
Depreciable capital assets:				
Computers	\$ 551,672	\$ 216,996	\$ -	\$ 768,668
Furniture and equipment	322,532	8,107	-	330,639
Total depreciable capital assets	874,204	225,103	-	1,099,307
Accumulated depreciation:				
Computers	444,409	138,561	-	582,970
Furniture and equipment	133,789	31,707	-	165,496
Total accumulated depreciation	578,198	170,268	-	748,466
Governmental activities capital assets, net	\$ 296,006	\$ 54,835	\$ -	\$ 350,841

Governmental activities depreciation expense for the year ended September 30, 2017 amounted to \$170,268.

3-F. Unearned Revenue

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and fund financial statements. There was no unearned revenue at September 30, 2017.

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

3-G. Long-term Liability Obligations

Changes in Long-term Debt - Changes in The Trust's long-term debt consisted of the following for the year ended September 30, 2017:

	Outstanding 10/1/2016	Additions	Reductions	Outstanding 9/30/2017	Amounts Due in One Year
Governmental Activities:					
Compensated absences payable	\$ 376,838	\$ 155,537	\$ 108,334	\$ 424,041	\$ 42,404
Net pension liability:					
Florida Retirement System	3,550,371	1,044,624	-	4,594,995	-
Health Insurance Subsidy	2,231,393	-	24,465	2,206,928	-
Other post employment benefits payable	357,538	46,304	-	403,842	-
Total Governmental Activities	<u>\$ 6,516,140</u>	<u>\$ 1,246,465</u>	<u>\$ 132,799</u>	<u>\$ 7,629,806</u>	<u>\$ 42,404</u>

All long-term debt is retired from the general fund.

3-H. Operating Leases

On November 22, 2016, The Trust entered into a four year operating lease agreement for office space. Beginning on the third year of the lease, a 2% increase occurs to the base rent per year. The lease has an additional one (1) year option for renewal with a 2% increase in the base rent. The lease provides for a "holdover" provision whereby the lease can be month to month if The Trust remains in possession of the premises after expiration of the lease. The month to month lease is equivalent to 100% of the monthly rent in effect immediately prior to expiration.

On November 22, 2016, The Trust entered into a second operating lease for one-year term, with an option of three (3) one (1) year renewals. A 2% increase of the base rent per year was to occur upon renewal of the lease, beginning on the first renewal year. Effective July 1, 2017, this lease was mutually terminated by the landlord and The Trust, without the incurrance of any penalties or fees.

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Expenditures for operating leases totaled \$474,133 for the fiscal year ended September 30, 2017.

Future minimum lease payments for the lease are:

<u>Fiscal Year Ending September 30,</u>	<u>Annual Payment</u>
2018	\$ 381,097
2019	387,449
2020	395,392
2021	<u>56,170</u>
Total	<u>\$ 1,220,108</u>

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

3-I. Retirement Plan

General Information

The Trust provides retirement benefits to its employees through the Florida Retirement System (FRS), as well as Other Post Employment Benefits (OPEB) in the form of subsidized health insurance premiums. FRS is a cost-charging multiple-employer public-employee retirement system with two primary plans. The Florida Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration of Florida (SBA) manages the assets of the FRS. The primary investment objectives for the FRS Pension Plan are to provide investment returns sufficient to ensure the timely payment of benefits and to keep plan costs at a reasonable level.

All eligible employees of The Trust are covered by the State-administered Florida Retirement System. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including a defined benefit pension plan i.e. the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). The HIS Plan, a cost-sharing multiple-employer defined benefit pension plan, assists certain retired members and their beneficiaries of any Florida state-administered retirement system in paying the costs of health insurance. Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan, referred to as the Investment Plan (Investment Plan), alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all eligible employees working in a regularly established position in a state agency, county agency, district school board, state university, or state college. Participation by cities, municipalities special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to eligible plan members and beneficiaries. Benefits are established by Florida Statutes. Amendments to the law can be made only by an act of the Florida State Legislature.

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.myflorida.com).

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

FRS Pension Plan

Plan Description: The FRS Pension Plan (Pension Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. Retirees receive a lifetime pension benefit with joint and survivor payment options. The general classes of membership that The Trust participates in are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

Other general classes of membership are the Special Risk Administrative Support class, Special Risk class, and Elected Officers' class.

Plan Benefits: Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. Benefits of the Plan vest at six years of creditable service provided that Pension Plan member enrolled in the FRS prior to July 1, 2011; otherwise benefits in the Pension Plan vest at eight years of creditable service. All Regular class and Senior Management Service class vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, provided that Plan members enrolled in FRS prior to July 1, 2011, otherwise all Regular class and Senior Management Service class vested members are eligible for normal retirement at age 65 or at any age after 33 years of service, which may include up to four years of credit for military service. The Pension 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 Pension Plan provides retirement, disability and death benefits and annual cost-of-living adjustments to eligible participants.

For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age before age 62 are entitled to a retirement benefit payable monthly, ranging from 1.6% to 1.68%, dependent upon their age or years of service, of their final average compensation based on the five highest years of salary, for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly, equal to 2.0% of their final average compensation based on the five highest fiscal years earnings for each year of credited service.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

For Pension Plan members enrolled on or after July 1, 2011, Regular class members who retire at or after age 65 with at least eight years of credited service or 33 years of service regardless of age before age 65 are entitled to a retirement benefit payable monthly, ranging from 1.6% to 1.68%, dependent upon their age or years of service, of their final average compensation based on the five highest years of salary, for each year of credited service. For Senior Management Service class members who retire at or after age 65 with at least eight years of credited service or 33 years of service regardless of age are entitled to a retirement benefit payable monthly equal to 2.0% of their final average compensation based on the eight highest fiscal years earnings for each year of credited service.

The following chart shows the percentage value for each year of service credit earned in relation to the general classes of membership that The Trust participates in:

	% Value (per year of service)
<u>Regular Class members initially enrolled before July 1, 2011</u>	
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
<u>Regular Class members initially enrolled on or after July 1, 2011</u>	
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
<u>Senior Management Service Class</u>	2.00

Benefits received by eligible retirees and beneficiaries under the FRS Pension Plan are increased by the cost-of-living adjustment. The cost-of-living adjustment for retirements or DROP participation effective before August 1, 2011 is three percent per year. The cost-of-living adjustment formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011 will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by three percent. Each Pension Plan member with an effective retirement date of August 1, 2011, or after will have an individually calculated cost-of-living adjustment for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The FRS includes a Deferred Retirement Option Program (DROP) and permits employees eligible for normal retirement under the Pension Plan to defer receipt of monthly benefit payments while continuing employment with an FRS 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 retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment 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.

Eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the defined-benefit Plan. FRS members participating in DROP are not eligible to participate in the FRS Investment Plan. This plan is funded by employer contributions that are based on salary and membership class and by employee contributions. Contributions are directed to individual member accounts and the ultimate benefit depends in part on the performance of the investment funds chosen. Employees in the FRS Investment Plan vest after one year of service.

Contributions: The contribution rates for the FRS members are established by law and may be amended by the State of Florida. Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, employers of the FRS are required to make contributions to the FRS, covering both the Pension Plan and the Investment Plan, based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates for the Regular class and Senior Management Service class, applicable to the last three fiscal years were as follows:

Employer Contribution Rates	Regular class	Senior Management Service Class
Effective 7/1/15	7.26%	21.43%
Effective 7/1/16	7.52%	21.77%
Effective 7/1/17	7.92%	22.71%

Employer contribution rates include the postemployment health insurance subsidy (HIS). The employer contribution rates reflected above include 1.66% for the HIS Plan, effective July 1, 2015, July 1, 2016 and July 1, 2017 as well as the fee of 0.04%, 0.06% and 0.06% for administration of the FRS Investment Plan and provision of educational tools for both the Pension and the Investment Plan effective July 1, 2015, July 1, 2016 and July 1, 2017, respectively.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The Trust's contributions, for FRS and HIS, inclusive of the Investment Plan, totaled \$670,432 and employee contributions, totaled \$166,321 for the fiscal year ended September 30, 2017.

Social Security Coverage: The Division of Retirement is responsible for administering the Social Security coverage for public employers in Florida. Public employees are provided Social Security coverage through a federal-state agreement with various modifications applicable to specific employers in political subdivisions. Public employers must provide Social Security coverage for their employees who participate in the FRS Pension Plan and Investment Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2017, The Trust reported a liability for its proportionate share of the net pension liability of \$4,594,995. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2017. The Trust's proportion of the net pension liability was based upon The Trust's 2016-2017 fiscal year contributions relative to the 2015-2016 fiscal year contributions of all participating members. At June 30, 2017, The Trust's proportion for FRS was .015534481%, which was an increase from its proportion of .014060833% measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, The Trust recognized pension expense of \$271,603 for FRS. Additionally, The Trust reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 421,710	\$ 25,454
Changes in assumptions	1,544,243	-
Changes in proportion and differences between The Trust Pension Plan contributions and proportionate share of contributions	516,149	-
Net difference between projected and actual earnings on Pension Plan investments	-	113,875
Contributions made subsequent to the measurement date	58,105	-
Total	<u>\$ 2,540,207</u>	<u>\$ 139,329</u>

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The Trust contributions subsequent to the measurement date of \$58,105 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Deferred Outflows/ (Inflows), net
2018	\$ 387,085
2019	782,371
2020	543,083
2021	152,075
2022	349,213
Thereafter	128,946
Total	\$ 2,342,773

Actuarial assumptions: The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Valuation date	July 1, 2017
Measurement date	June 30, 2017
Inflation	2.60%
Salary increases	3.25%, average, including inflation
Actuarial cost method	Individual entry age
Mortality	Generational RP-2000 with Projection Scale BB tables

The actuarial assumptions that determined the total pension liability as of June 30, 2017 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed income	18%	4.5%	4.4%	4.2%
Global equity	53%	7.8%	6.6%	17.0%
Real estate	10%	6.6%	5.9%	12.8%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	9.7%
Total	100%			

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

Assumed Inflation - Mean	2.6%	1.9%
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Discount Rate: The discount rate used to measure the total pension liability was 7.10%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents The Trust's proportionate share of the total net pension liability calculated using the discount rate of 7.10%, as well as what The Trust's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (7.10%) than the current rate:

	1% Decrease or 6.10%	Current Discount Rate 7.10%	1% Increase or 8.10%
The Trust's proportionate share of the net pension liability	\$ 8,316,664	\$ 4,594,995	\$ 1,505,158

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

Retiree Health Insurance Subsidy (HIS) Program

Plan Description: The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees and surviving beneficiaries of the 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, Division of Retirement.

Benefits Provided: Eligible retirees and beneficiaries receive 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.

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The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The HIS contribution rates were 1.66% for the HIS Plan, effective July 1, 2015, July 1, 2016 and July 1, 2017. Employees do not contribute to this plan. The Trust contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. The HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2017, The Trust reported a liability for its proportionate share of the net pension liability of \$2,206,928. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2016. The Trust's proportion of the net pension liability was based upon The Trust's 2016-2017 fiscal year contributions relative to the 2015-2016 fiscal year contributions of all participating members. At June 30 2017, The Trust's proportion for HIS was .020640039%, which was an increase from its proportion measured of .019146054%, as of June 30, 2016.

For the fiscal year ended September 30, 2017, The Trust recognized pension expense of \$109,067 for HIS. The Trust reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,595
Changes in assumptions	310,218	190,835
Changes in proportion and differences between The Trust HIS contributions and proportionate share of contributions	180,157	51,537
Net difference between projected and actual earnings on HIS plan investments	1,224	-
Contributions made subsequent to the measurement date	25,238	-
Total	<u>\$ 516,837</u>	<u>\$ 246,967</u>

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The Trust contributions subsequent to the measurement date of \$25,238 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Deferred Outflows/ (Inflows), net
2018	\$ 52,218
2019	51,986
2020	51,875
2021	50,952
2022	40,386
Thereafter	(2,785)
Total	\$ 244,632

Actuarial assumptions: The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2016
Measurement date	June 30, 2017
Discount rate	3.58%
Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.58%
Actuarial cost method	Individual entry age
Mortality	Generational RP-2000 with Projection Scale BB tables

Actuarial valuations for the HIS Program are conducted biennially. The July 1, 2016 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2017. The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 3.58%. 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 FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents The Trust's proportionate share of the total net pension liability calculated using the discount rate of 3.58%, as well as what The Trust's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

	1% Decrease or 2.58%	Current Discount Rate 3.58%	1% Increase or 4.58%
The Trust's proportionate share of the net pension liability	\$ 2,518,397	\$ 2,206,928	\$ 1,947,492

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

(This page continued on the subsequent page)

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. The Trust 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, Senior Management Service Class, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04%, 0.06% and 0.06% effective July 1, 2015, July 1, 2016 and July 1, 2017, respectively, of payroll and by forfeited benefits of plan members.

Allocations to the investment member's accounts during the 2016-2017 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

<u>Membership Class</u>	<u>Percent of Gross Compensation</u>
Regular	6.30%
Senior Management Service	7.67%
Special Risk Administrative Support	7.95%
Special Risk	14.00%
Elected Officers	
Judges	13.23%
Legislators, Governor, Lt. Gov., Cabinet	9.38%
State Attorney, Public Defender	9.38%
County, City, Sp. Dist. Elected Officers	11.34%

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to The Trust.

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, or leave the funds invested for future distribution. Disability coverage is provided; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

3-J. Deferred Inflows/Outflows of Resources

Government-wide Financial Reporting Level: The Trust has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the State of Florida's actuary that adjusts the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense. Additionally, any contributions made by The Trust to the Pension Plan before fiscal year end but subsequent to the measurement date of The Trust's net pension liability are reported as deferred outflows of resources.

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

3-K. Other Post-Employment Benefits (OPEB)

The Trust provides health insurance benefits to its retired employees through a single-employer plan administered by The Trust. Pursuant to the provisions of Section 112.0801, Florida Statutes, eligible former employees who retire from The Trust and eligible dependents, may continue to participate in The Trust's fully-insured benefit plan for medical and prescription drug insurance coverage. An audited financial report for this plan is not issued.

Funding Policy – The Trust has not advance-funded or established a funding methodology for the annual OPEB costs or to retire the net OPEB obligation. The Trust subsidized the premium rate paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided until the retiree's attainment of age 65 (or until such time at which retiree discontinues coverage under The Trust sponsored plans, if earlier). As of September 30, 2017 no participating retirees received postemployment health care benefits. Current and future retirees will be required to pay 100% of the blended premium to continue coverage under The Trust's group health insurance program. The Trust covers the cost of administering the plan.

(This page continued on the subsequent page)

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Annual OPEB Cost and Net OPEB Obligation – The Trust has elected to calculate the annual required contribution of the employer (ARC) and related information using an “Alternative Measurement Method” in lieu of an independent actuarial valuation. The employer's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 25 years.

The following table includes The Trust’s annual OPEB cost for the current year, the amount actually contributed to the plan, and the changes in The Trust’s net OPEB obligation:

Annual required contribution (ARC)	\$	48,450
Interest on normal costs		12,156
Amortization (adjustments) of unfunded actuarial accrued liability (UAAL)		<u>(14,302)</u>
Annual OPEB cost		46,304
Employer benefit payments		<u>-</u>
Increase in net OPEB obligation		46,304
Net OPEB obligation, beginning of year		<u>357,538</u>
Net OPEB obligation, end of year	\$	<u><u>403,842</u></u>

Funded Status and Funding Progress – The Trust’s funding status, based upon the most recent actuarial valuation, follows:

Schedule of Funding Progress						
	(1)	(2)	(3)	(4)	(5)	(6)
Plan Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal	Unfunded AAL/(UAAL) (2)-(1)	Funded Ratio (2)/(1)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((2)-(1))/(5)
9/30/2010	\$ -	\$ 216,509	\$ 216,509	0%	\$ 5,439,457	4%
9/30/2013	-	328,347	328,347	0%	6,138,738	5%
10/1/2015	-	280,908	280,908	0%	5,848,702	5%

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The annual OPEB cost for the last three (3) fiscal years follows:

Schedule of Employer Contributions					
Fiscal Year Ended September 30,	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
2015	\$ 72,944	\$ 16,162	22%	\$ 323,993	
2016	44,376	10,831	24%	357,538	
2017	46,304	-	0%	403,842	

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Trust's significant methods and assumption are as follows:

Current Valuation Date	October 1, 2015
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll -Closed
Remaining Amortization Period	24 years
Asset Valuation Method	Unfunded
Actuarial Assumptions:	
Discount Rate	3.40%
Projected Payroll Growth	3.40%
Inflation Rate	2.80%
Health Insurance Trends	7% for fiscal year 2017 and reduced by 0.5% on an yearly basis until the trend grades down to 5% in year 2021 and remaining at 5% for fiscal 2021 and thereafter

(This page continued on the subsequent page)

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

3-L. Fund Equity

Fund Balances – Fund balances are classified as follows as of September 30, 2017:

- **Nonspendable** – The following fund balances are nonspendable because they are not in spendable form:

General Fund:

Prepaid items	<u>\$ 3,404</u>
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- **Restricted** – The following fund balances are legally restricted to specified purposes:

General Fund:

Provider services - contracts	<u>\$ 67,026,293</u>
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Investment in Capital Assets

The “*investment in capital assets*” amount as reported on the government-wide statement of net position as of September 30, 2017 is as follows:

	Governmental Activities
Investment in capital assets:	<u> </u>
Cost of capital assets	\$ 1,099,307
Less accumulated depreciation	<u>748,466</u>
Investment in capital assets	<u>\$ 350,841</u>

(This page continued on the subsequent page)

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 4 - Other Notes

4-A. Risk Management

The Trust 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 Trust purchases commercial insurance coverage to mitigate the various risks. Retention of risks is limited to the excess of those that are insured and those that are uninsurable, with deductibles ranging from \$0 to \$25,000 per occurrence, except for windstorm, whereby the deductible is 10% of the value of the insured contents. There were no settled claims which exceeded insurance coverage since inception of The Trust.

The Trust is required by Florida Statute to provide a surety bond in the sum of at least \$1,000 for each \$1 million portion thereof of The Trust's budget for the Chair, Vice Chair, Treasurer and President/CEO. This surety bond is included in the insurance coverage purchased through commercial carriers.

4-B. Commitments

Contract Commitments - As of September 30, 2017, The Trust has made the following contract commitments:

Youth Development	\$ 36,409,997
Health and Wellness	12,899,818
Early Childhood Development	11,779,825
Parenting	10,333,158
Family and Neighborhood Supports	8,413,455
Supports for Quality Program Implementation	1,861,619
Promote Citizen Engagement and Leadership to Improve Child and Family Conditions	770,398
Information Technology	704,843
Cross-funder Collaboration of Goals, Strategies and Resources	370,862
Innovation Lab	205,091
Program Evaluation	162,000
Public Awareness and Program Promotion	3,725
Other	25,500
Total	<u>\$ 83,940,291</u>

(This page continued on the subsequent page)

The Children's Trust
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2017

Note 4 - Other Notes (Continued)

4-C. Interlocal Agreement

The Trust entered into two inter-local agreements. The first agreement is with the City of Miami Beach, the Miami Beach Community Redevelopment Agency and Miami-Dade County. The second agreement is with the City of Miami, the Southeast Overtown/Park West Community Redevelopment Agency, the Omni Redevelopment District Community Redevelopment Agency and Miami-Dade County (collectively the CRAs) for the purpose of establishing the use of tax revenues to be derived from the imposition of a half mill tax levy by The Trust.

The CRAs may have various series of community redevelopment revenue bonds outstanding issued under certain bond resolutions to which the CRAs may have pledged all current and future tax increment revenues the CRAs are entitled to, including tax revenues from The Trust. The CRAs are to use The Trust revenues for debt service only after all other tax increment revenues have been exhausted and shall remit to The Trust on the last day of the CRA's fiscal year all of The Trust revenues that are not needed for debt service. In exchange for the City of Miami, the City of Miami Beach and the CRAs' cooperation, The Trust will make funds available for children's programs within the City of Miami and the City of Miami Beach in the amount of The Trust revenues. The agreement with the City of Miami Beach, the Miami Beach Community Redevelopment Agency and Miami-Dade County was amended whereby The Trust is exempt from pledging future tax increment revenues for the repayment of bonds or any new indebtedness.

The Trust revenues provided to the CRAs for the fiscal year ended September 30, 2017 were \$3,978,199.

4-D. Related Party Transactions

In the course of pursuing its mission, The Trust engages agencies in the community at large to provide services. The Trust's Board of Directors is comprised of a broad spectrum of members of the community, some of whom have extensive knowledge, background and experience with matters of importance to conducting The Trust's services. From time to time, matters come before the Board where a board member, or a relative, may have a personal or financial interest that could be considered to potentially cause a conflict of interest. When such a circumstance occurs, The Trust's procedures require that board member to abstain from voting on the matter and document the reason for the abstention. During the fiscal year ended September 30, 2017, a number of proposals came before the Board relating to organizations in which board members may have had a conflict of interest. In those circumstances, the board members who had identified the potential conflicts abstained from voting.

Required Supplementary Information



2017



The Children's Trust
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund
For the Fiscal Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues and Beginning Fund Balances				
Ad valorem tax revenue	\$ 120,335,148	\$ 121,452,284	\$ 121,452,284	\$ -
Interlocal agreement	3,470,000	3,978,199	3,978,199	-
Investment earnings/miscellaneous	250,000	989,393	989,393	-
Fund balances, October 1, 2016	35,918,072	49,821,300	49,821,300	-
	-	-	-	-
Total Revenues and Beginning Fund Balances	<u>159,973,220</u>	<u>176,241,176</u>	<u>176,241,176</u>	<u>-</u>
Expenditures				
Provider Services	<u>111,688,476</u>	<u>111,688,476</u>	<u>93,335,919</u>	<u>18,352,557</u>
Operating Expenditures:				
General Administration:				
Salaries and fringe benefits	8,965,888	8,419,023	8,331,983	87,040
Professional/legal/ other contracted services	575,000	575,000	378,988	196,012
Rent/insurance	700,000	700,000	557,728	142,272
Travel/communications	250,000	250,000	219,410	30,590
Supplies/postage/printing	150,000	150,000	98,842	51,158
Promotional/dues/miscellaneous	60,000	60,000	35,290	24,710
Total General Administration	<u>10,700,888</u>	<u>10,154,023</u>	<u>9,622,241</u>	<u>531,782</u>
Capital:				
Furniture & equipment	10,000	10,000	8,106	1,894
Computer software/hardware	25,000	25,000	24,996	4
Total Capital	<u>35,000</u>	<u>35,000</u>	<u>33,102</u>	<u>1,898</u>
Total Operating Expenditures	<u>10,735,888</u>	<u>10,189,023</u>	<u>9,655,343</u>	<u>533,680</u>
Non-operating Expenditures:				
Interlocal agreement	3,470,000	3,978,199	3,978,199	-
Property appraiser/tax collector fees	2,203,352	2,242,018	2,242,018	-
Total Non-operating Expenditures	<u>5,673,352</u>	<u>6,220,217</u>	<u>6,220,217</u>	<u>-</u>
Total Expenditures	<u>128,097,716</u>	<u>128,097,716</u>	<u>109,211,479</u>	<u>18,886,237</u>
Fund Balances, September 30, 2017	<u>31,875,504</u>	<u>48,143,460</u>	<u>67,029,697</u>	<u>(18,886,237)</u>
Total Expenditures and Ending Fund Balances	<u>\$ 159,973,220</u>	<u>\$ 176,241,176</u>	<u>\$ 176,241,176</u>	<u>\$ -</u>

See accompanying notes to required supplementary information

The Children's Trust
***Note to the Required Supplementary Information – Schedule of Revenues,
Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended September 30, 2017***

Note 1 – Budgetary Information

The budget for the general fund is adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

The Children's Trust
Required Supplementary Information
Schedule of The Children's Trust's Proportionate Share of the Net Pension Liability
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Trust's proportion of the net pension liability	0.015534481%	0.014060833%	0.013228624%	0.012213546%
The Trust's proportionate share of the net pension liability	\$ 4,594,995	\$ 3,550,371	\$ 1,708,654	\$ 745,206
The Trust's covered-employee payroll	\$ 6,570,277	\$ 6,247,195	\$ 5,553,060	\$ 5,591,926
The Trust's proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.94%	56.83%	30.77%	13.33%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

*Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

The Children's Trust
Required Supplementary Information
Schedule of The Children's Trust's Contributions
Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 670,432	\$ 602,074	\$ 433,456	\$ 399,475
Conatributions in relation to the contractually required contribution	<u>670,432</u>	<u>602,074</u>	<u>433,456</u>	<u>399,475</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 6,570,277</u>	<u>\$ 6,247,195</u>	<u>\$ 5,553,060</u>	<u>\$ 5,591,926</u>
Contributions as a percentage of covered payroll	<u>10.20%</u>	<u>9.64%</u>	<u>7.81%</u>	<u>7.14%</u>

*Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

The Children's Trust
Required Supplementary Information
Schedule of The Children's Trust's Proportionate Share of the Net Pension Liability
Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Trust's proportion of the HIS net pension liability	0.020640039%	0.019146054%	0.018357421%	0.018725739%
The Trust's proportionate share of the HIS net pension liability	\$ 2,206,928	\$ 2,231,393	\$ 1,872,168	\$ 1,750,902
The Trust's covered-employee payroll	\$ 6,570,277	\$ 6,247,195	\$ 5,553,060	\$ 5,591,926
The Trust's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	33.59%	35.72%	33.71%	31.31%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

*Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

The Children's Trust
Required Supplementary Information
Schedule of The Children's Trust's Contributions
Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required HIS contribution	\$ 109,067	\$ 103,703	\$ 75,614	\$ 67,880
HIS contributions in relation to the contractually required HIS contributions	<u>109,067</u>	<u>103,703</u>	<u>75,614</u>	<u>67,880</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 6,570,277</u>	<u>\$ 6,247,195</u>	<u>\$ 5,553,060</u>	<u>\$ 5,591,926</u>
Contributions as a percentage of covered payroll	<u>1.66%</u>	<u>1.66%</u>	<u>1.36%</u>	<u>1.22%</u>

*Note: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

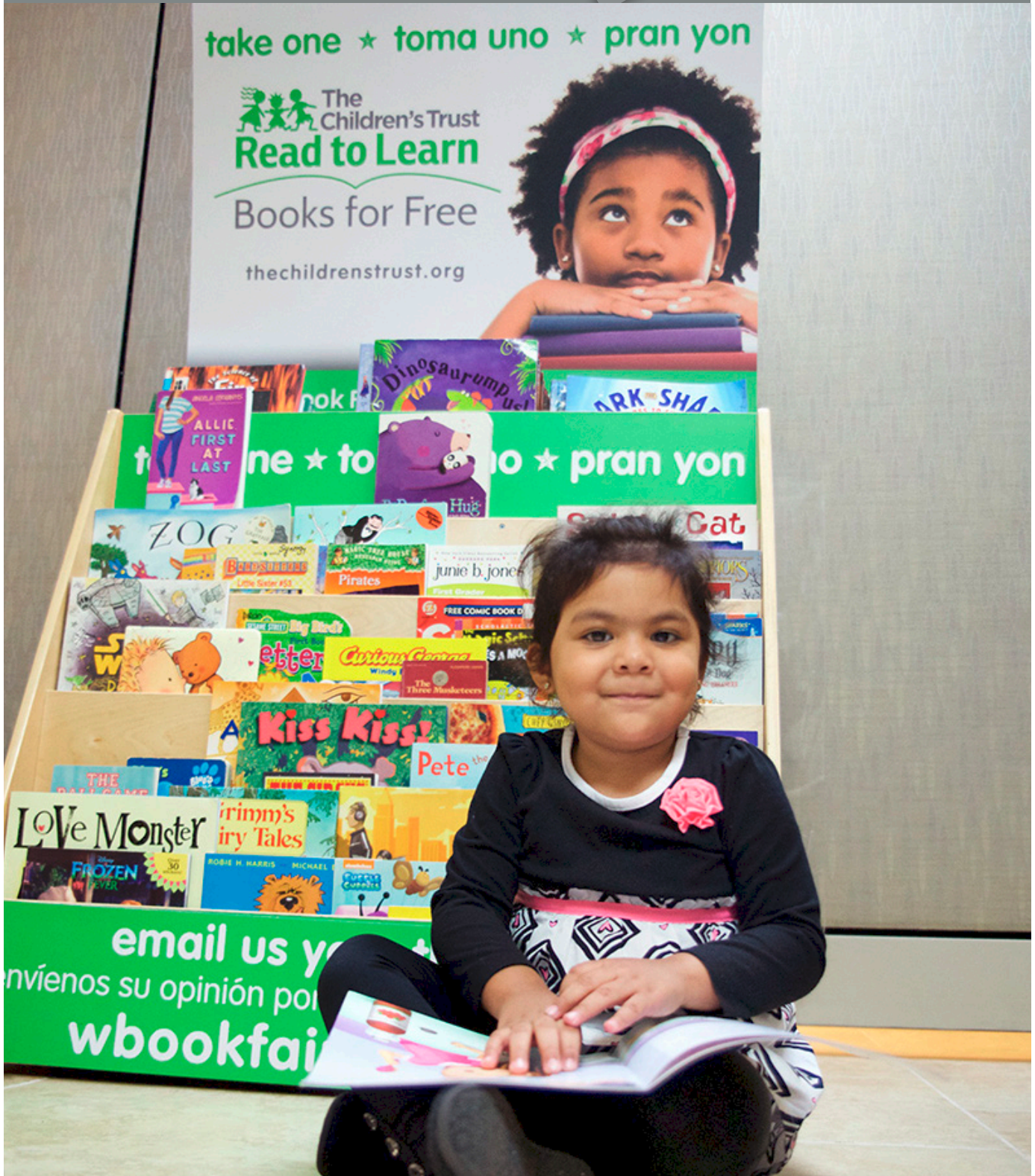
The Children's Trust
Schedule of Funding Progress - Other Post-Employment Benefits
Required Supplementary Information

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) – Entry Age Normal	(b) – (a) Unfunded AAL (UAAL)	(a) / (b) Funded Ratio	(c) Covered Payroll	((b-a) / c) UAAL as a % of Covered Payroll
September 30, 2010	\$ -	\$ 216,509	\$ 216,509	0%	\$ 5,439,457	4%
September 30, 2013	-	328,347	328,347	0%	6,138,738	5%
October 1, 2015	-	280,908	280,908	0%	5,848,702	5%

Note - GASB Statement No. 45, Other Post Employment Benefits, was implemented for the fiscal year ended September 30, 2010. The above schedule reflects data for the most recent actuarial valuation dates.

Statistical Section

2017



The Children's Trust
Introduction to Statistical Section
(Unaudited)

This part of The Children's Trust (The Trust) comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information is unaudited.

Contents

Exhibits

Financial Trends

These tables contain trend information that may assist the reader in assessing The Trust's current financial performance by placing it in historical perspective.

I - IX

Revenue Capacity

These tables contain information that may assist the reader in assessing the viability of The Trust's most significant "own-source" revenue source, property taxes.

X - XIII

Demographic and Economic Information

These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which The Trust operates and (2) to provide information that facilitates comparisons of financial statement information over time and among Children Service Councils.

XIV-XV

Operating Information

These tables contain service and infrastructure indicators that can inform one's understanding how the information in The Trust's financial statements relates to the services The Trust provides and the activities it performs.

XVI-XVIII

Notes :

The Trust has not issued any long-term debt since its inception. Therefore, the debt exhibits are not applicable.

Data Source:

Unless otherwise noted, the information in these tables is derived from The Trust's annual financial report or comprehensive annual financial report for the applicable year, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

The Children's Trust
Changes in Net Position - Governmental Activities
(Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Years Ended September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Provider services	\$ 124,625,744	\$ 114,147,600	\$ 94,592,490	\$ 86,534,096	\$ 81,145,736	\$ 82,478,370	\$ 81,445,927	\$ 80,517,056	\$ 91,252,586	\$ 93,207,918
General administration:										
Personnel services	7,145,532	7,487,592	6,722,477	6,916,358	6,811,602	7,043,872	7,398,102	7,687,886	9,073,088	9,087,197
Materials and services	1,810,524	1,501,720	1,821,784	1,536,252	1,378,002	1,422,344	1,324,884	1,420,624	1,459,123	1,396,526
Interlocal agreement, property appraiser and tax collector fees	3,002,850	3,174,378	3,629,004	3,198,814	3,114,440	3,406,674	3,609,718	3,936,952	4,546,478	6,220,217
Total Expenses	136,584,650	126,311,290	106,765,755	98,185,520	92,449,780	94,351,260	93,778,631	93,562,518	106,331,275	109,911,858
General Revenues:										
Ad valorem taxes	99,337,838	98,074,886	104,402,410	90,188,436	89,450,069	88,846,224	93,382,166	100,978,419	109,390,359	121,452,284
Investment earnings (loss)	3,199,427	(865,284)	821,820	348,238	617,854	403,306	223,088	494,365	383,094	762,253
Interlocal agreement	1,983,141	2,148,663	2,527,904	2,354,120	2,154,336	2,446,570	2,659,187	2,933,304	3,455,550	3,978,199
Miscellaneous	69,577	20,368	2,391	17,994	60,948	84,530	138,070	147,746	164,392	227,140
Total General Revenues	104,589,983	99,378,633	107,754,525	92,908,788	92,283,207	91,780,630	96,402,511	104,553,834	113,393,395	126,419,876
Change in Net Position	\$ (31,994,667)	\$ (26,932,657)	\$ 988,770	\$ (5,276,732)	\$ (166,573)	\$ (2,570,630)	\$ 2,623,880	\$ 10,991,316	\$ 7,062,120	\$ 16,508,018

Data Source:

Applicable years' annual financial report or comprehensive annual financial report, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

The Children's Trust
Changes in Net Position - Governmental Activities - Percentage of Total
(Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Years Ended September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Provider services	91.2%	90.4%	88.6%	88.1%	87.8%	87.4%	86.85%	86.1%	85.8%	84.7%
General administration:										
Personnel services	5.2%	5.9%	6.3%	7.0%	7.4%	7.5%	7.89%	8.2%	8.5%	8.3%
Materials and services	1.4%	1.2%	1.7%	1.6%	1.5%	1.5%	1.41%	1.5%	1.4%	1.3%
Interlocal agreement, property appraiser and tax collector fees	2.2%	2.5%	3.4%	3.3%	3.4%	3.6%	3.90%	4.2%	4.3%	5.7%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Ad valorem taxes	95.0%	98.7%	96.9%	97.1%	96.9%	96.8%	96.9%	96.6%	96.5%	96.1%
Investment earnings (loss)	3.1%	-0.9%	0.8%	0.4%	0.7%	0.4%	0.2%	0.5%	0.3%	0.6%
Interlocal agreement	2.0%	2.2%	2.3%	2.5%	2.3%	2.7%	2.8%	2.8%	3.1%	3.1%
Miscellaneous	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Total General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:

Applicable years' annual financial report or comprehensive annual financial report, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

The Children's Trust
Government-wide Net Position by Component¹
(Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Investment in capital assets	\$ 572,658	\$ 452,373	\$ 355,663	\$ 271,259	\$ 340,777	\$ 205,008	\$ 249,216	\$ 191,693	\$ 296,006	\$ 350,841
Restricted	61,818,154	35,005,782	36,091,262	30,898,934	30,662,843	28,227,982	30,807,654	38,659,649	45,617,456	62,070,639
Total Governmental Activities	\$ 62,390,812	\$ 35,458,155	\$ 36,446,925	\$ 31,170,193	\$ 31,003,620	\$ 28,432,990	\$ 31,056,870	\$ 38,851,342	\$ 45,913,462	\$ 62,421,480

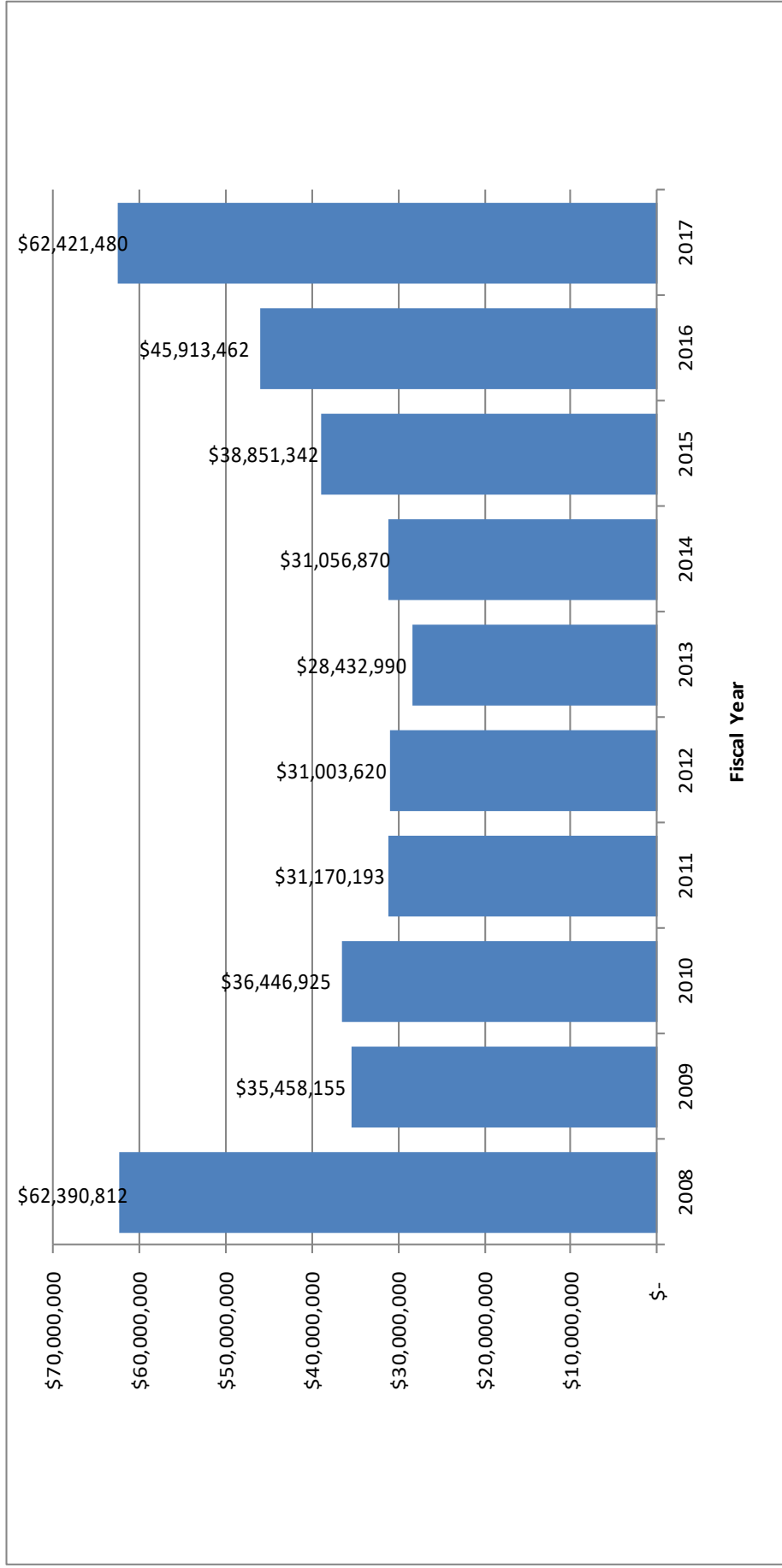
Notes:

¹ Accounting standards require that net position be reported in three components in the financial statements: investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Florida or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by The Trust. Restrictions currently reported are a result of contracts with external parties.

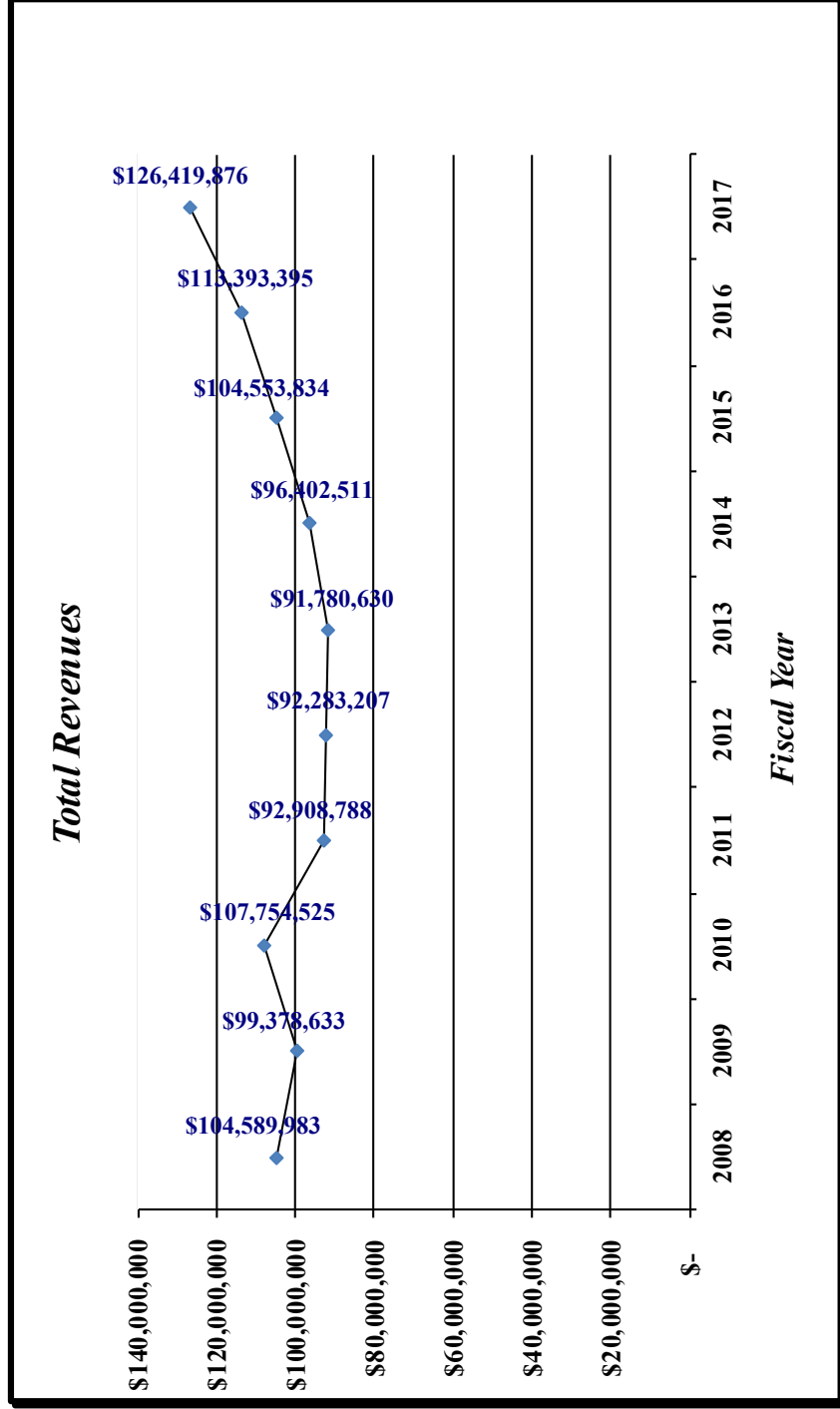
Data Source:

Applicable years' annual financial report or comprehensive annual financial report, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

The Children's Trust
Chart-Total Government-wide Net Position
(Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)



The Children's Trust
Chart-Total General Governmental Revenues by Source
(Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



The Children's Trust
General Governmental Expenditures by Function
(Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

Function	For the Fiscal Years Ended September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Current:										
Personnel Costs:										
Salaries	\$ 5,334,752	\$ 5,657,387	\$ 4,958,131	\$ 4,979,708	\$ 4,997,764	\$ 5,181,763	\$ 5,308,453	\$ 5,491,478	\$ 6,377,367	\$ 5,977,428
Benefits	1,696,580	1,832,701	1,730,735	1,865,616	1,769,013	1,792,276	1,993,583	2,143,426	2,316,538	2,354,555
Total personnel costs	7,031,332	7,490,088	6,688,866	6,845,324	6,766,777	6,974,039	7,302,036	7,634,904	8,693,905	8,331,983
% Change From Prior Year	15.5%	6.5%	-10.7%	2.3%	-1.1%	3.1%	4.7%	4.6%	13.9%	-4.2%
Provider Services	124,712,615	114,027,315	94,592,490	86,534,096	81,145,736	82,478,370	81,445,927	80,517,056	91,252,586	93,335,919
% Change From Prior Year	34.4%	-8.6%	-17.0%	-8.5%	-6.2%	1.6%	-1.3%	-1.1%	13.3%	2.3%
Operating:										
Professional services	143,982	150,376	152,214	85,068	104,436	103,124	82,034	115,990	153,662	35,132
Accounting/auditing/legal	324,368	261,565	263,747	263,781	223,101	221,075	218,235	213,595	216,492	319,297
Other contractual services	107,451	66,203	27,858	74,094	59,352	39,385	31,178	57,320	30,990	24,559
Travel, per diem and conferences	191,289	132,143	98,376	100,988	125,870	130,482	134,992	96,839	88,761	98,410
Communications and freight services	89,331	84,810	89,453	90,827	126,397	71,070	77,549	100,942	117,489	121,000
Rental and leases	516,125	524,880	558,292	571,776	533,471	478,203	493,757	502,221	510,852	474,133
Insurance	79,035	87,629	79,104	65,746	65,304	69,486	76,006	86,641	84,054	83,595
Postage and courier	31,411	14,565	11,985	12,473	8,504	10,197	10,532	9,521	8,893	7,775
Printing and binding	8,999	5,011	8,781	7,055	23,296	25,995	16,608	44,404	23,059	15,079
Office	46,431	43,845	33,175	32,956	29,712	22,996	20,204	23,638	18,256	8,368
Operating	110,003	84,372	220,187	51,315	108,207	74,608	76,840	64,909	73,502	64,412
Dues and fees	55,106	27,509	29,409	15,839	18,038	38,055	38,703	33,317	37,955	35,290
Other current charges and obligations	19,411	17,169	4,812	1,110	4,987	1,900	6,702	1,651	2,833	3,208
Total Operating	1,722,942	1,500,077	1,577,393	1,373,028	1,430,675	1,286,576	1,283,340	1,350,988	1,366,798	1,290,258
% Change From Prior Year	-12.5%	-12.9%	5.2%	-13.0%	4.2%	-10.1%	-0.3%	5.3%	1.2%	-5.6%
Capital Outlay	87,583	1,643	147,680	78,820	16,845	-	85,752	12,113	196,638	33,102
% Change From Prior Year	66.8%	-98.1%	100.0%	-46.6%	-78.6%	-100.0%	100.0%	-85.9%	1523.4%	-83.2%
Non-operating Expenditures	3,002,850	3,174,378	3,629,004	3,198,814	3,114,440	3,406,674	3,609,718	3,936,952	4,546,478	6,220,217
% Change From Prior Year	101.9%	5.7%	14.3%	-11.9%	-2.6%	9.4%	6.0%	9.1%	15.5%	36.8%
Total Expenditures	\$ 136,557,322	\$ 126,193,501	\$ 106,635,433	\$ 98,030,082	\$ 92,474,473	\$ 94,145,659	\$ 93,726,773	\$ 93,452,013	\$ 106,056,405	\$ 109,211,479
% Change From Prior Year	33.3%	-7.6%	-15.5%	-8.1%	-5.7%	1.8%	-0.4%	-0.3%	13.5%	3.0%

Data Source:

Applicable years' annual financial report or comprehensive annual financial report, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

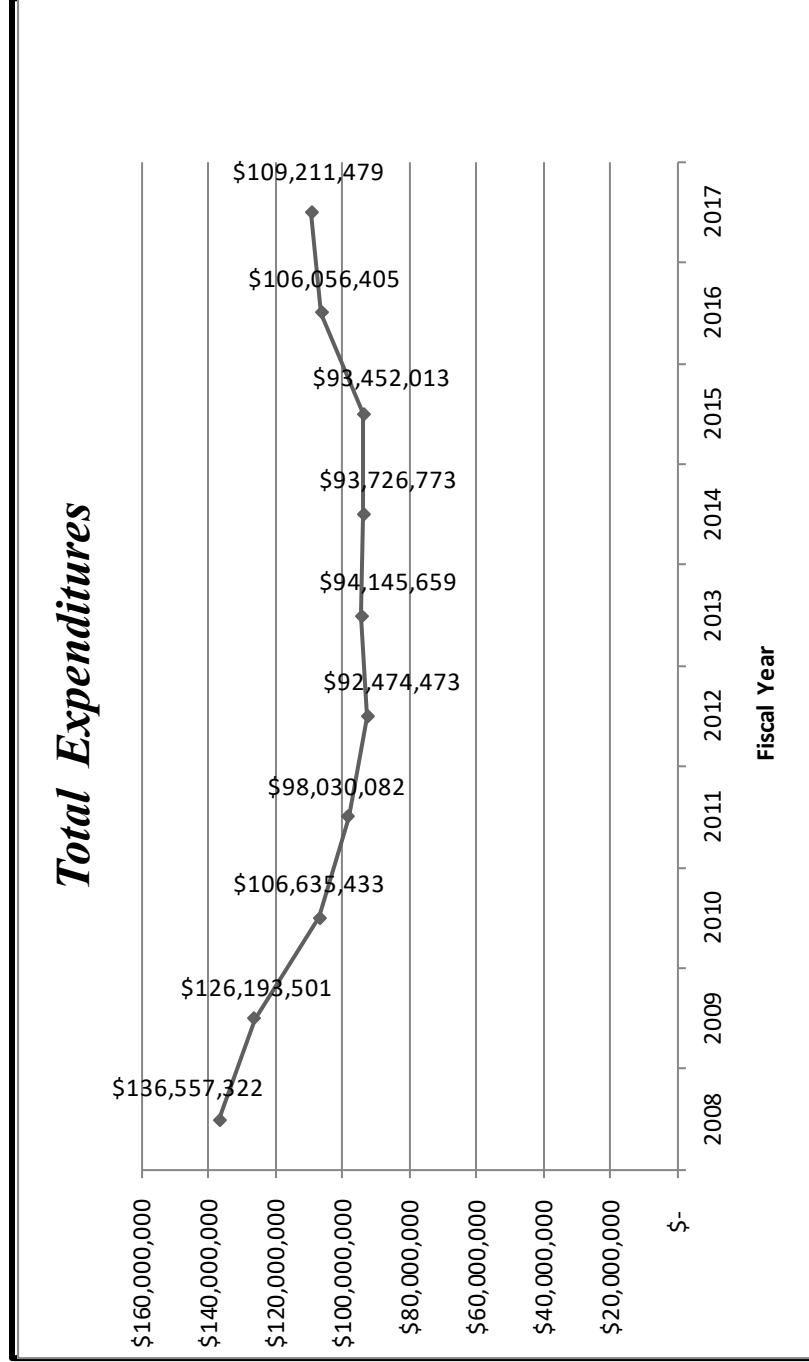
The Children's Trust
General Governmental Expenditures by Type
(Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Years Ended September 30,									
Type	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Provider services	\$ 124,712,615	\$ 114,027,315	\$ 94,592,490	\$ 86,534,096	\$ 81,145,736	\$ 82,478,370	\$ 81,445,927	\$ 80,517,056	\$ 91,252,586	\$ 93,335,919
Personnel	7,031,332	7,490,088	6,688,866	6,845,324	6,766,777	6,974,039	7,302,036	7,634,904	8,693,905	8,331,983
Operating	1,722,942	1,500,077	1,577,393	1,373,028	1,430,675	1,286,576	1,283,340	1,350,988	1,366,798	1,290,258
Capital outlay	87,583	1,643	147,680	78,820	16,845	-	85,752	12,113	196,638	33,102
Non-operating	3,002,850	3,174,378	3,629,004	3,198,814	3,114,440	3,406,674	3,609,718	3,936,952	4,546,478	6,220,217
Total Expenditures	\$ 136,557,322	\$ 126,193,501	\$ 106,635,433	\$ 98,030,082	\$ 92,474,473	\$ 94,145,659	\$ 93,726,773	\$ 93,452,013	\$ 106,056,405	\$ 109,211,479
	Percentage of Total Expenditures									
Current:										
Provider services	91.3%	90.4%	88.7%	88.3%	87.7%	87.6%	86.9%	86.2%	86.0%	85.5%
Personnel	5.1%	5.9%	6.3%	7.0%	7.4%	7.4%	7.8%	8.2%	8.2%	7.6%
Operating	1.3%	1.2%	1.5%	1.4%	1.5%	1.4%	1.3%	1.4%	1.3%	1.2%
Capital outlay	0.1%	0.0%	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.2%	0.0%
Non-operating	2.2%	2.5%	3.4%	3.2%	3.4%	3.6%	3.9%	4.2%	4.3%	5.7%
Total Expenditures	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Source:

Applicable years' annual financial report or comprehensive annual financial report, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

The Children's Trust
Chart-Total General Governmental Expenditures
(Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



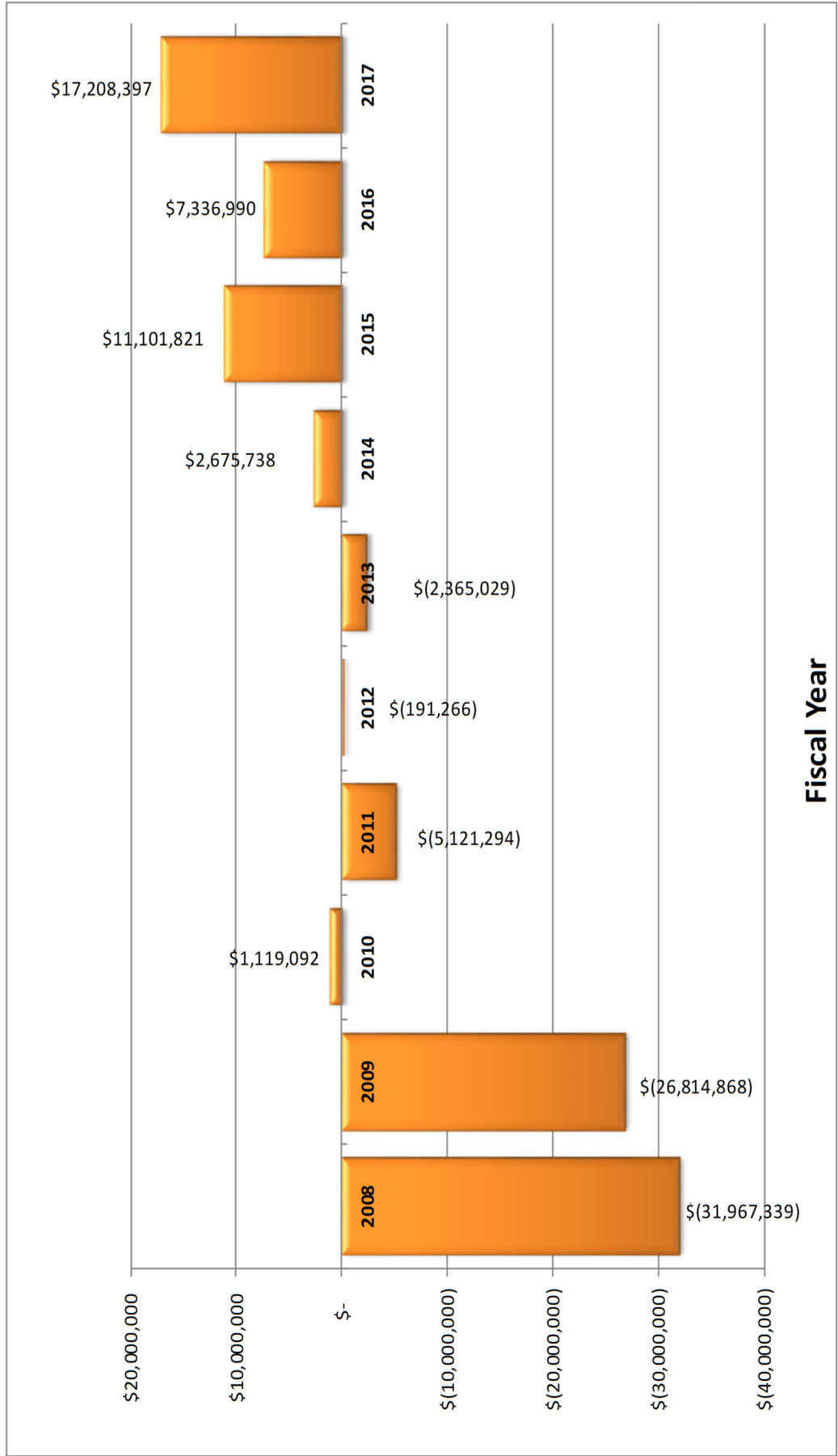
The Children's Trust
Summary of Changes in Fund Balances - Governmental Fund
(Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Years Ended September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Revenues	\$ 104,589,983	\$ 99,378,633	\$ 107,754,525	\$ 92,908,788	\$ 92,283,207	\$ 91,780,630	\$ 96,402,511	\$ 104,553,834	\$ 113,393,395	\$ 126,419,876
Total Expenditures	136,557,322	126,193,501	106,635,433	98,030,082	92,474,473	94,145,659	93,726,773	93,452,013	106,056,405	109,211,479
Net Change in Fund Balance	<u>\$ (31,967,339)</u>	<u>\$ (26,814,868)</u>	<u>\$ 1,119,092</u>	<u>\$ (5,121,294)</u>	<u>\$ (191,266)</u>	<u>\$ (2,365,029)</u>	<u>\$ 2,675,738</u>	<u>\$ 11,101,821</u>	<u>\$ 7,336,990</u>	<u>\$ 17,208,397</u>

Data Source:

Applicable years' annual financial report or comprehensive annual financial report, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

The Children's Trust
Chart-Summary of Changes in Fund Balances - Governmental Fund
(Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



The Children's Trust
Fund Balances - Governmental Funds - 2008 - 2010^{1 and 2}
(Unaudited)
Fiscal Years 2008-2010²
(modified accrual basis of accounting)

	September 30,		
	2008	2009	2010
General Fund			
Reserved:			
Restricted for contract commitments	\$ 61,970,259	\$ 35,167,058	\$ 36,301,425
Prepaid items	109,857	98,190	82,915
Total General Fund	\$ 62,080,116	\$ 35,265,248	\$ 36,384,340
 General Fund % Change			
From Prior Year	-34.0%	-43.2%	3.2%

Notes:

¹ The Trust implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions, in fiscal year 2011.

² The Trust did not restate the prior years.

Data Source:

Applicable years' annual financial report or comprehensive annual financial report, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

The Children's Trust
Fund Balances - Governmental Funds - 2011 - 2017¹
(Unaudited)
Fiscal Years 2011-2017²
(modified accrual basis of accounting)

	September 30,						
	2011	2012	2013	2014	2015	2016	2017
General Fund:							
Nonspendable:							
Prepaid items	\$ 132,120	\$ 91,516	\$ 11,198	\$ 4,094	\$ 86,160	\$ 38,727	\$ 3,404
Restricted:							
Contracts	31,130,926	30,980,264	28,695,553	31,378,395	42,398,150	49,782,573	67,026,293
Total General Fund	\$ 31,263,046	\$ 31,071,780	\$ 28,706,751	\$ 31,382,489	\$ 42,484,310	\$ 49,821,300	\$ 67,029,697
General Fund % Change							
From Prior Year	-14.1%	-0.61%	-7.61%	9.32%	35.38%	17.27%	34.54%

Notes:

¹The Trust implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions, in fiscal year 2011.

²The Trust did not restate the prior five years.

Data Source:

Applicable years' annual financial report or comprehensive annual financial report, as appropriate. The Trust prepared a comprehensive annual financial report beginning with the fiscal year ended September 30, 2011.

The Children's Trust
Actual Value and Assessed Value of Taxable Property by Type
(Unaudited)
Last Ten Fiscal Years
 (in thousands)

Fiscal Year Ended September 30,	Real Property			Total Actual and Assessed Value of Taxable Property			Exemptions ¹			Total Taxable Assessed Value	The Children's Trust Tax Rate
	Residential Property	Commercial/Industrial Property	Government/Institution	Personal Property	Real Property Taxable	Real Property Excluded Value ²	Real Property Other Exemptions	Personal Property	Total Taxable Assessed Value		
2008	258,170,144	64,690,401	23,385,545	15,318,056	361,564,146	74,022,146	43,736,755	4,718,343	239,086,902	0.4223	
2009	256,121,227	68,075,357	24,094,571	15,983,145	364,274,300	65,907,690	54,811,315	5,719,250	237,836,045	0.4212	
2010	204,558,802	63,836,984	23,228,078	15,570,290	307,194,154	36,876,680	53,394,520	5,474,737	211,448,217	0.5000	
2011	160,866,687	57,774,400	23,438,756	15,472,772	257,552,615	15,861,969	52,348,084	5,436,067	183,906,495	0.5000	
2012	157,542,515	55,104,068	23,721,709	15,328,770	251,697,062	14,229,202	51,971,081	5,453,966	180,042,813	0.5000	
2013	160,175,268	56,439,801	23,527,174	15,572,148	255,714,391	13,507,069	52,941,254	5,334,992	183,931,076	0.5000	
2014	168,994,844	57,759,674	23,096,629	17,238,830	267,089,977	14,756,461	55,380,823	5,555,738	191,396,955	0.5000	
2015	196,063,548	61,020,542	24,451,075	18,050,702	299,585,867	25,683,760	62,359,146	5,676,420	205,866,541	0.5000	
2016	227,612,215	72,697,374	26,257,084	18,781,563	345,348,236	36,776,695	72,875,559	5,659,588	230,036,394	0.5000	
2017	227,472,227	99,304,057	28,085,673	18,910,820	373,772,777	46,537,562	72,520,564	5,442,748	249,271,903	0.4673	

Notes:

¹ Exemptions for real property include: \$25,000 homestead exemption; an additional \$25,000 homestead exemption (excluding School Board taxes) starting in FY 2009; widows/widowers exemption; governmental exemption; disability/blind age 65 and older exemption; institutional exemption; economic development exemption and other exemptions as allowed by law.

² Amendment 10 was an amendment to the Florida Constitution in 1992 which capped the assessed value of properties with homestead exemption to increases of 3% per year or the Consumer Price Index, whichever is less (193.155, F.S.).

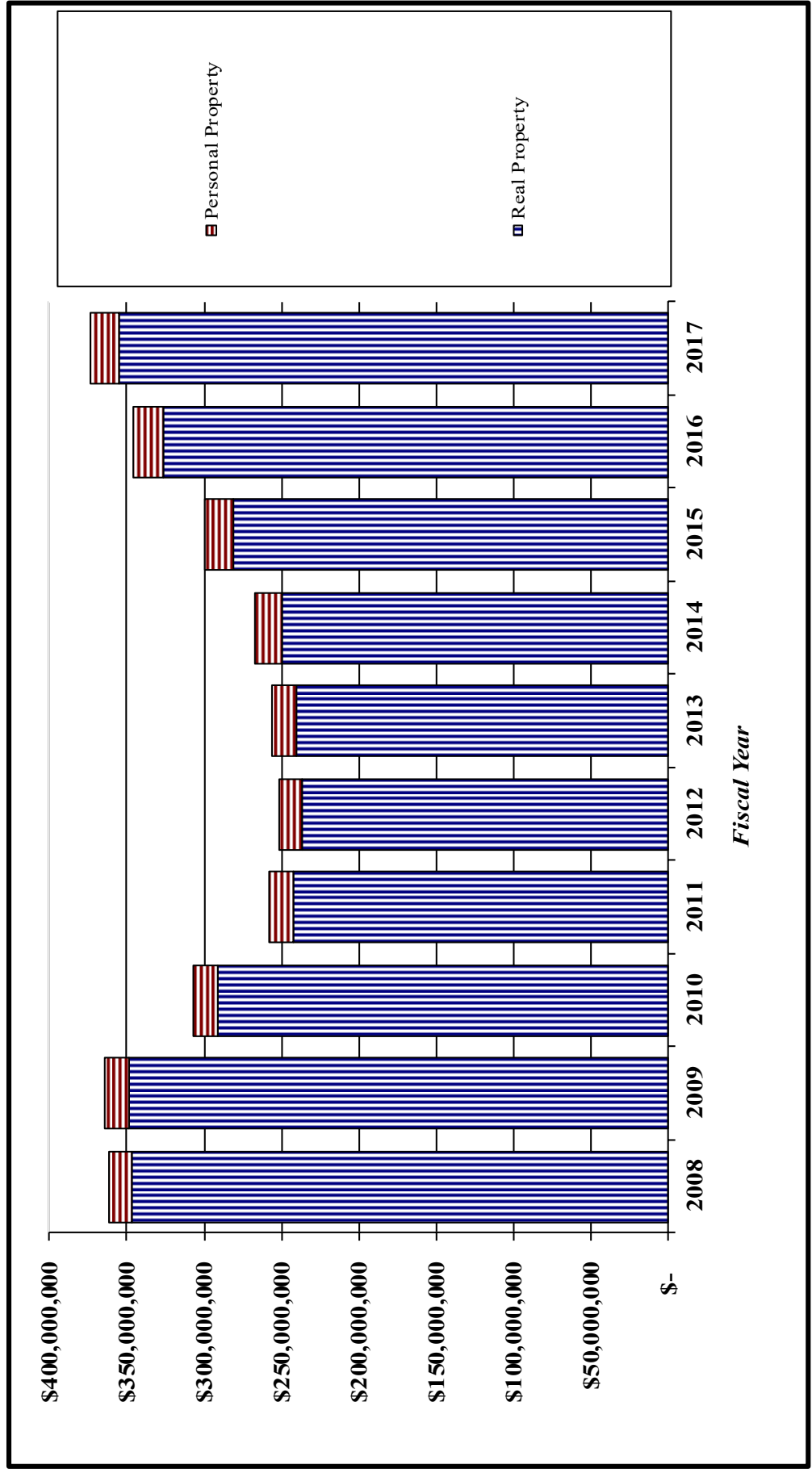
³ Total actual and assessed values are estimates based on the First Certified 2017 Tax Roll issued in October 2016, prior to any adjustments processed by the Value Adjustment Board.

The Final Certified Tax Roll for 2017 has not been released as of the date of this report.

Data Source:

Miami-Dade County Property Appraiser

The Children's Trust
Chart-Total Actual Value and Assessed Value of Taxable Property by Type
(Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



The Children's Trust
Direct and Overlapping Property Tax Rates
(Unaudited)
Last Ten Fiscal Years
(rate per \$1,000 of assessed taxable value)

Overlapping Rates ¹

Fiscal Year	Direct ² The Children's Trust	Miami-Dade County										Total Direct and Overlapping Millage		
		Miami-Dade County					School Board							
		Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Water Management District	Environmental Project	Okeechobee Basin	Special District		Fire and Rescue	Fire Debt
2008	0.4223	4.5796	0.2850	4.8646	7.5700	0.3780	7.9480	0.5346	0.0894	-	0.0345	2.2067	0.0420	16.1421
2009	0.4212	4.8379	0.2850	5.1229	7.5330	0.2640	7.7970	0.5346	0.0894	-	0.0345	2.1851	0.0420	16.2267
2010	0.5000	4.8379	0.2850	5.1229	7.6980	0.2970	7.9950	0.5346	0.0894	-	0.0345	2.1851	0.0420	16.5035
2011	0.5000	4.8050	0.2850	5.0900	7.7650	0.2400	8.0050	0.3739	0.0624	-	0.0345	2.4496	0.0131	16.5285
2012	0.5000	4.7035	0.2850	4.9885	7.7650	0.2330	7.9980	0.3676	0.0613	-	0.0345	2.4496	0.0131	16.4126
2013	0.5000	4.7035	0.4220	5.1255	7.6440	0.3330	7.9770	0.3523	0.0587	-	0.0345	2.4496	0.0127	16.5103
2014	0.5000	4.6669	0.4500	5.1169	7.7750	0.1990	7.9740	0.1577	0.0548	0.1717	0.0345	2.4207	0.0114	16.2700
2015	0.5000	4.6669	0.4500	5.1169	7.4130	0.1990	7.6120	0.1459	0.0506	0.1586	0.032	2.4207	0.0086	15.8867
2016	0.5000	4.6669	0.4000	5.0669	7.1380	0.1840	7.3220	0.1359	0.0471	0.1477	0.032	2.4207	0.0075	15.5321
2017	0.4673	4.6669	0.4000	5.0669	6.7740	0.2200	6.9940	0.1275	0.0441	0.1384	0.032	2.4207	0.0075	15.1600

Notes:

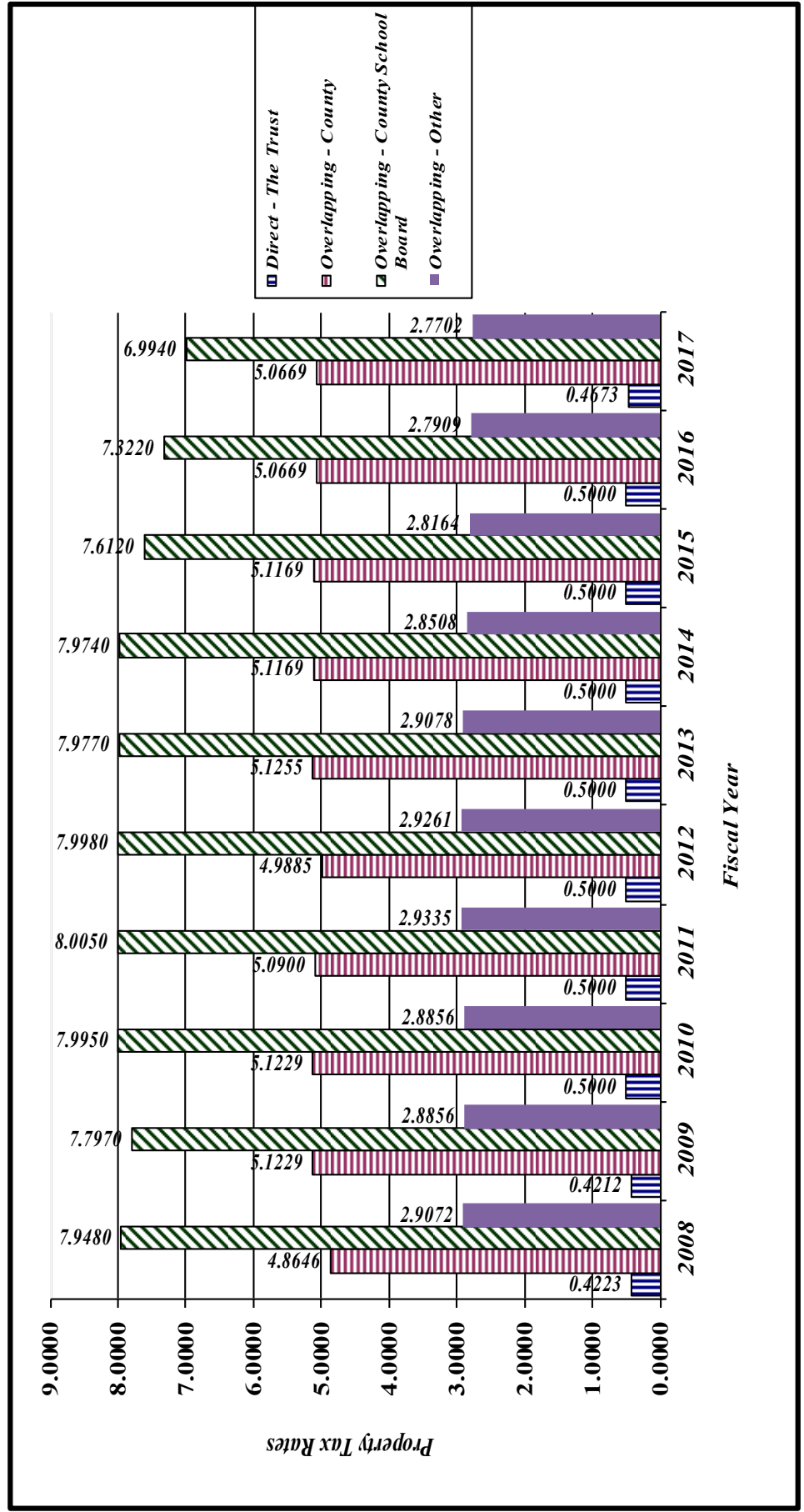
¹ Overlapping rates are those of governments that overlap The Trust's geographic boundaries.

² There is only one component of the direct tax rate, which is the operating millage rate, as the ordinance creating The Trust enables The Trust to levy a tax of no more than one-half (1/2) mill for the provision of children's services and programs.

Data Source:

Miami-Dade County Property Appraiser Office: http://www.miamidadecounty.gov/pa/millage_tables.asp

The Children's Trust
 Chart-Direct and Overlapping Property Tax Rates
 (Unaudited)
 Last Ten Fiscal Years
 (rate per \$1,000 of assessed taxable value)



The Children's Trust
Total Property Tax Levies and Collections¹
(Unaudited)
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Total Taxes Collected		Total Uncollected Taxes	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2008	\$ 104,495,325	\$ 99,337,838	95.06%	\$ 5,157,487	4.94%
2009	104,231,665	98,074,886	94.09%	6,156,779	5.91%
2010	111,968,137	104,402,410	93.24%	7,565,727	6.76%
2011	97,093,986	90,188,436	92.89%	6,905,550	7.11%
2012	94,360,611	89,450,069	94.80%	4,910,542	5.20%
2013	96,108,366	88,846,224	92.44%	7,262,142	7.56%
2014	99,554,399	93,382,166	93.80%	6,172,233	6.20%
2015	106,307,780	100,978,419	94.99%	5,329,361	5.01%
2016	116,239,802	109,390,359	94.11%	6,849,443	5.89%
2017	126,668,576	121,452,284	95.88%	5,216,292	4.12%

Notes:

¹ Information pertaining to the collections of property taxes in subsequent years is not available from the Miami Dade County Finance Department (the County), Tax Collector's Division. The Trust will include the subsequent year's collection information, on a prospective basis, at such time that this information becomes available from the County.

Data Source:

The Trust's Finance Department

The Children's Trust
Principal Real Property Taxpayers
(Unaudited)
Fiscal Years Ended September 30, 2017 and 2008

		2017			2008		
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light Company	\$ 5,728,761,660	1	2.30%	Florida Power & Light Company	\$ 2,529,224,000	1	1.06%
Bellsouth Telecommunications LLC	548,965,471	2	0.22%	Bellsouth Telecommunications, Inc.	766,041,000	2	0.32%
Aventura Mall Venture Lessor	477,492,629	3	0.19%	Teachers Insurance & Annual Association of America	354,800,000	3	0.15%
Fontainebleau Florida Hotel LLC	412,820,050	4	0.17%	Tarmac America LLC	335,240,000	4	0.14%
SDG Dadeland Associates Inc.	399,592,000	5	0.16%	SDG Dadeland Associate	330,000,000	5	0.14%
The Graham Companies	352,254,313	6	0.14%	Aventura Mall Venture	301,200,000	6	0.13%
Dolphin Mall Assoc LTD Partnership	312,914,400	7	0.13%	200 S Biscayne	281,063,000	7	0.12%
200 S Biscayne TIC I LLC	263,000,000	8	0.11%	MB Redevelopment	266,000,000	8	0.11%
MB Redevelopment Inc.	233,000,000	9	0.09%	Graham Companies	244,878,000	9	0.10%
CP Miami Center LLC	204,154,225	10	0.08%	Dolphin Mall Assoc LTD Partnership	227,000,000	10	0.09%
Total Principal Taxpayers	8,932,954,748		3.58%	Total Principal Taxpayers	5,635,446,000		2.36%
All Other Taxpayers	240,338,948,043		96.42%	All Other Taxpayers	233,451,456,000		97.64%
Total	\$ 249,271,902,791		100.00%	Total	\$ 239,086,902,000		100.00%

Data Source:
 Miami-Dade County Property Appraiser

The Children's Trust
 Demographic and Economic Statistics
 (Unaudited)
 Last Ten Calendar Years

Calendar Year	Population ¹	(in \$1,000)		Per Capita Personal Income ²	Median Age ¹	Unemployment Rate		
		Total Personal Income ²	Personal Income ²			County ³	State of Florida ³	United States ⁴
2008	2,387,170	\$ 88,954,732	\$ 37,264	39	5.3%	6.3%	5.8%	
2009	2,398,245	90,915,774	37,909	39	8.9%	10.4%	9.3%	
2010	2,563,885	92,227,399	35,972	38	12.0%	11.1%	9.6%	
2011	2,516,515	97,815,794	38,870	38	12.7%	10.0%	8.9%	
2012	2,551,255	100,688,604	39,466	39	9.7%	7.2%	8.1%	
2013	2,565,685	104,373,301	40,680	39	8.9%	7.3%	7.4%	
2014	2,586,290	111,528,866	43,123	39	7.2%	6.3%	6.2%	
2015	2,653,934	116,553,169	43,917	39	6.2%	5.4%	5.3%	
2016	2,696,353	121,071,192	44,902	39	3.4%	4.2%	4.4%	
2017	2,798,461	(1)	(1)	(1)	3.4%	4.2%	4.4%	

Data Sources:

¹ 2008-2015, Miami-Dade County comprehensive annual financial report; 2016 estimated by management.

² 2008-2015, Miami-Dade County comprehensive annual financial report; 2015 and 2016 estimated by management.

³ Real Estate Center: <https://www.recenter.tamu.edu/data/employment#!/state/Florida>

⁴ U.S. Department of Labor, Bureau of Labor Statistics:

http://data.bls.gov/timeseries/LNU04000000?years_option=all_years&periods_option=specific_periods&periods=Annual+Data

(1) Information not available as of the date of this report.

The Children's Trust
Full-time Employees by Function/Program
(Unaudited)
Last Ten Fiscal Years

	Fiscal Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Function/program</u>										
Executive	2	2	2	2	2	2	2	2	2	2
Programs	46	39	34	33	33	31	33	24	26	23
Operations	5	6	6	6	6	9	10	12	13	10
Finance	16	14	15	15	14	14	13	14	12	12
Research and Evaluation	8	10	9	9	9	11	11	13	13	13
Information Systems	8	8	7	8	9	8	8	7	3	4
Public Policy, Community Engagement and Communications	9	8	7	6	7	9	7	11	12	11
Total Employees	94	87	80	79	80	84	84	83	81	75
Percentage Change From Prior Year	6.8%	-7.4%	-8.0%	-1.3%	1.3%	5.0%	0.0%	-1.2%	-2.4%	-7.4%

Data Source:

The Trust's Finance Department

The Children's Trust
Operating Statistics by Program
(Unaudited)
Last Ten Fiscal Years

Program	Fiscal Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
SUSTAIN AND EXPAND DIRECT SERVICES										
Parenting programs	20	22	17	17	22	21	22	31	31	35
Early childhood development	39	37	35	34	26	28	32	20	23	33
Youth development	150	202	192	179	142	139	128	112	113	119
Health and wellness	20	21	23	16	24	24	33	15	16	18
Family & neighborhood supports	15	11	12	15	15	15	23	22	21	18
Promotion and prevention services	-	-	-	-	-	-	-	-	-	-
Starter grants	91	-	-	-	-	-	-	-	-	-
Total sustain and expand direct services	335	293	279	261	229	227	238	200	204	223
COMMUNITY ENGAGEMENT AND ADVOCACY										
Promote public policy, advocacy prevention and legislative agendas	9	7	7	6	4	4	4	-	-	-
Public awareness and program promotion	-	-	-	-	-	-	-	-	-	-
Promote public citizen engagement and leadership to improve child and family conditions	-	-	-	-	-	-	-	3	3	3
Cross-funder collaboration of goals, strategies and resources	12	12	9	6	5	6	6	4	4	3
Total community engagement and advocacy	21	19	16	12	9	10	10	7	7	6
PROGRAM AND PROFESSIONAL DEVELOPMENT										
Support for quality program implementation	1	1	1	1	1	1	1	2	25	24
Information technology	-	-	-	-	-	-	-	-	-	-
Program evaluation and community research	10	11	9	5	5	4	1	1	-	-
Innovation lab	-	-	-	-	-	-	-	-	5	5
Total program and professional development	11	12	10	6	6	5	2	3	30	29
TOTAL	367	324	305	279	244	242	250	210	241	258

Data Source:

The Trust's Finance Department

The Children's Trust
Capital Asset Statistics
(Unaudited)
Last Ten Fiscal Years

	Fiscal Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Area										
Computers:										
Computers	61	66	66	39	33	32	9	9	2	2
Laptops	201	241	241	50	39	39	86	88	94	94
Printers	78	99	102	18	16	16	21	21	21	21
Servers	44	52	54	21	21	21	29	29	33	33
Routers	8	8	8	8	8	8	10	10	13	13
Software/licenses	5	6	8	13	8	8	6	12	17	18
Other	12	17	23	39	37	37	7	7	2	3
	<u>409</u>	<u>489</u>	<u>502</u>	<u>188</u>	<u>162</u>	<u>161</u>	<u>168</u>	<u>176</u>	<u>182</u>	<u>184</u>
Furniture and Equipment:										
Projectors	9	9	9	9	9	7	2	2	6	6
Telephones	11	12	12	12	9	9	2	2	-	-
Chairs/desks	9	9	9	10	10	8	8	8	8	8
Cameras	-	-	-	-	-	-	-	-	2	2
Boating equipment	8	9	9	9	9	8	8	8	-	-
Dental equipment	2	2	2	4	4	-	39	39	39	39
Playground/sports equipment	15	15	15	15	15	9	13	13	9	9
Kitchen equipment	6	6	6	6	6	6	6	6	1	1
Other furniture & equipment	19	20	20	20	20	18	13	13	9	11
	<u>79</u>	<u>82</u>	<u>82</u>	<u>85</u>	<u>82</u>	<u>65</u>	<u>91</u>	<u>91</u>	<u>74</u>	<u>76</u>
Total	<u>488</u>	<u>571</u>	<u>584</u>	<u>273</u>	<u>244</u>	<u>226</u>	<u>259</u>	<u>267</u>	<u>256</u>	<u>260</u>

Data Source:

The Trust's Finance Department

Compliance Section

2017





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

To the Board Members of
The Children's Trust
Miami, 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 the major fund of The Children's Trust ("The Trust"), as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise The Trust's basic financial statements, and have issued our report thereon dated March 1, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Trust'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 The Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of The Trust's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Trust's financial statements are free from 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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Draft

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 1, 2018

DRRAFT



**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board Members of
The Children's Trust
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of The Children's Trust ("The Trust"), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 1, 2018.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' 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 Independent Accountants' 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 1, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Children's Trust is a special independent taxing district established pursuant to Section 1.01(A)(11) of the Miami-Dade County Home Rule Charter, Ordinance #02-247 of Miami-Dade County and Section 125.901 of the Florida Statutes.

Financial Condition and Management

Sections 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 The Trust has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that The Trust did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Financial Condition and Management (Continued)

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.

Annual Financial Report

Section 10.554(1)(i)5.b. 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 the annual financial report for The Trust for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires 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 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 Board members and management of The Children's Trust, and is not intended to be and should not be used by anyone other than these specified parties.

Draft

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 1, 2018



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

To the Board Members of
The Children's Trust
Miami, Florida

We have examined The Children's Trust's ("The Trust") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017. Management of The Trust is responsible for The Trust's compliance with the specified requirements. Our responsibility is to express an opinion on The Trust's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on The Trust's compliance with specified requirements. In our opinion, The Trust complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017.

This report is intended solely for the information and use of management of The Children's Trust, the Board members, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Draft

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 1, 2018



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thechildrenstrust.org

Mission

The Children's Trust partners with the community to plan, advocate for and fund strategic investments that improve the lives of all children and families in Miami-Dade County.