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2020

Children's Trust of Alachua County

Financial Statements and Independent Auditor's Report

September 30, 2020

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

CHILDREN'S TRUST OF ALACHUA COUNTY

SEPTEMBER 30, 2020

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – General Fund	10
Reconciliation of Total Government Fund Balances to Net Position of Governmental Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14-20
Required Supplementary Information	
Budgetary Comparison Schedule:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
	22-23
Management Letter	24-25
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	
	26

INDEPENDENT AUDITOR'S REPORT

To CTAC Members
Children's Trust of Alachua County
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Children's Trust of Alachua County (CTAC) as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise CTAC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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To CTAC Members
Children's Trust of Alachua County
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of CTAC as of September 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2020, on our consideration of CTAC'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CTAC's 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 CTAC's internal control over financial reporting and compliance.

March 30, 2021
Gainesville, Florida

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Children's Trust of Alachua County (CTAC) Management's discussion and analysis presents an overview of CTAC's financial activities for the fiscal year ended September 30, 2020. CTAC's financial performance is discussed and analyzed within the context of the accompanying financial statements & disclosures following this section.

Financial Highlights

Government-Wide Statements

- CTAC's assets exceeded its liabilities at September 30, 2020, by \$5,185,124 (net position). Of this amount, \$5,185,124 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- This is the first year of operations for CTAC so the beginning net position was zero. CTAC increased net position by \$5,185,124 during the the fiscal year.

Fund Statements

- At September 30, 2020, CTAC's governmental funds reported combined ending fund balance of \$5,185,124.
- At September 30, 2020, the total fund balance for the General Fund was \$5,185,124 or 69.99% of operating revenue. CTAC's General Fund assigned ending fund balance totaled \$4,848,197; with \$4,161,086 assigned for grants carried over to fiscal year 2021; \$387,111 assigned for subsequent year's reserves; and \$300,000 assigned for future program capacity.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to CTAC's basic financial statements. CTAC's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of CTAC's finances, in a manner similar to a private sector business.

- The Statement of Net Position presents financial information on all of CTAC's assets and liabilities, 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 CTAC is strengthening or weakening.
- The Statement of Activities presents information showing how the government's net position changed during fiscal year 2020. All changes in net position are reported as soon as the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements can be found on pages 8-9 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. CTAC maintains one individual governmental fund, the General Fund.

CTAC adopts an annual budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund to demonstrate budgetary compliance which is in the Required Supplementary Information starting on page 21 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-20 of this report.

Government-Wide Financial Analysis

Changes in net position over time may serve as a useful indicator of a government's financial position. In the case of CTAC, assets exceeded liabilities by \$5,185,124 at the end of the fiscal year ended September 30, 2020.

Children's Trust of Alachua County	
Net Position	
	Governmental Activities 2020
Current and Other Assets	\$ 5,898,375
Total Assets	<u>5,898,375</u>
Other Liabilities	713,251
Total Liabilities	<u>713,251</u>
Net Position:	
Unrestricted	5,185,124
Total Net Position	<u><u>\$ 5,185,124</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal year 2020 is the first year of operations for CTAC so there is no year over year comparison to show the percent change in net position from 2019 to 2020. At the end of the year, all of CTAC's net position is unrestricted net position (\$5,185,124) and may be used to meet the government's ongoing obligations to citizens and creditors.

Children's Trust of Alachua County Changes in Net Position		Governmental Activities
		2020
Revenues:		
Program revenues:		
Operating grants and contributions	\$	41,667
General revenues:		
Ad Valorem Taxes		7,341,128
Interest and Other Income		26,146
Total revenues		7,408,941
Expenses:		
Program - Children's Services		1,696,871
Administration		526,946
Total expenses		2,223,817
Change in net position		5,185,124
Net position - beginning		-
Net position - ending	\$	5,185,124

Governmental Activities

Program Revenues – CTAC recognized a private grant award in FY2020 in the amount of \$41,667.

General Revenues – CTAC's primary operating revenue source is property taxes and for the year ending September 30, 2020, CTAC collected \$7,341,128 in taxes. CTAC earned \$26,146 in interest earnings on investment of surplus funds.

Net Position – The CTAC's total ending net position is \$5,185,124.

Fund Financial Analysis

The CTAC uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

Governmental Funds

The primary purpose of CTAC's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing CTAC's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Children's Trust of Alachua County
Classifications of Fund Balance

Total Fund Balance	\$ 5,185,124
Less Classified Fund balance:	
Non-Spendable	2,375
Assigned for:	
Grants Carryover to FY 2021	4,161,086
Subsequent Year's Reserves	387,111
Future Program Capacity Expansion	300,000
Unassigned Fund Balance	<u>\$ 334,552</u>

As of the end of fiscal year 2020, CTAC's governmental fund reported an ending fund balance of \$5,185,124.

Major Funds

CTAC reports one major fund, the General Fund, for the year ended September 30, 2020.

The General Fund is the chief operating fund of CTAC. The total fund balance at September 30, 2020 is \$5,185,124. For the fiscal year, the General Fund had a net increase in fund balance of \$5,185,124. This net increase was primarily due setting the millage rate at .50 mills in the first year of operations while operating services were still being ramped up. As a measure of the General Fund's liquidity, it is useful to compare total fund balance to total fund revenues. For fiscal year 2020 the ending fund balance represents a 69.99% of total General Fund operating revenue.

General Fund Budgetary Highlights

The General Fund's total original budget (see schedule on page 21) remained unchanged for the fiscal year. CTAC did amend the Administration budget to reallocate \$500,000 in Salary and Benefits to Operating in order to cover the costs of the interlocal agreement with the Alachua County Clerk of the Court and Alachua County Board of County Commissioners.

Overall actual revenues varied from final budgeted revenues positively by \$170,183. This positive variance is primarily due to tax collections coming in higher than budgeted and the receipt of investment income which was not budgeted in the first year of operations. Actual expenditures were less than final budgeted expenditures by \$4,653,003 (positive variance). CTAC did not have to use any of the \$361,938 budgeted in reserves for the fiscal year and the remaining net difference of actual results compared to final budget was positive due the fact this was the first year of operations and it took time to hire staffing and ramp up services.

Economic Factors and Next Year's Budgets and Rates

- Total taxable assessed value county-wide increased 6.41% for fiscal year 2021.
- Population increased by approximately 1.60% from the prior year to an estimated 271,588 at September 30, 2020.

The ad valorem tax rate for the General Fund for the upcoming 2021 fiscal year budget is .50 mills, which is the same as the current year rate of .50 mills.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to present users with a general overview of CTAC's finances. If you have questions concerning any of the information provided in this report or need additional financial information, please contact the Alachua County Clerk of Court, Finance and Accounting, 201 East University Avenue, Gainesville, Florida 32601. Additional financial information can be found on CTAC's web site: <https://www.childrenstrustofalachuacounty.us/>

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BASIC FINANCIAL STATEMENTS

**CHILDREN'S TRUST OF ALACHUA COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 5,875,301
Due from Other Governments	20,699
Prepaid Items	2,375

Total Assets	<u>5,898,375</u>
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Liabilities

Current Liabilities:

Accounts Payable and Accrued Liabilities	108,532
Grants Payable	395,945
Due to Other Governments	208,774

Total Liabilities	<u>713,251</u>
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Net Position

Unrestricted	5,185,124
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Total Net Position	<u>\$ 5,185,124</u>
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See accompanying notes.

**CHILDREN'S TRUST OF ALACHUA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Program Expenses	
Program - Children's Services	\$ 1,696,871
Administration	526,946
Total Program Expenses	<u>2,223,817</u>
Program Revenues	
Operating Grants and Contributions	41,667
Total Program Revenues	<u>41,667</u>
Net Program (Expense) Revenue	<u>(2,182,150)</u>
General Revenues	
Ad Valorem Taxes	7,341,128
Interest and Other Income	26,146
Total General Revenues	<u>7,367,274</u>
Change in Net Position	5,185,124
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ 5,185,124</u></u>

See accompanying notes.

**CHILDREN'S TRUST OF ALACHUA COUNTY
BALANCE SHEET - GENERAL FUND
SEPTEMBER 30, 2020**

ASSETS

Assets

Cash and Cash Equivalents	\$ 5,875,301
Due from Other Governments	20,699
Prepaid Expenses	2,375
Total Assets	<u>5,898,375</u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable and Accrued Liabilities	108,532
Grants Payable	395,945
Due to Other Governments	208,774
Total Liabilities	<u>713,251</u>

Fund Balances

Non-Spendable:	
Prepaid Items	2,375
Assigned:	
Grants Outstanding and Carryover to Fiscal Year 2021	4,161,086
Subsequent Year's Reserves	387,111
Future Program Capacity Expansion	300,000
Unassigned	334,552
Total Fund Balances	<u>5,185,124</u>
Total Liabilities and Fund Balances	<u>\$ 5,898,375</u>

See accompanying notes.

**CHILDREN'S TRUST OF ALACHUA COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2020**

Total Fund Balances - Governmental Funds	<u>\$ 5,185,124</u>
Net Position of Governmental Activities	<u><u>\$ 5,185,124</u></u>

See accompanying notes.

**CHILDREN'S TRUST OF ALACHUA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>General</u>
Revenues	
Ad Valorem Taxes	\$ 7,341,128
Rental Income	-
Interest and Other Income	26,146
Grant Income	41,667
Total Revenues	<u>7,408,941</u>
Expenditures	
Program - Children's Services:	
Operating	151,100
Grant Awards	1,545,771
Total Program - Children's Services	<u>1,696,871</u>
Administration:	
Operating	526,946
Total Administration	<u>526,946</u>
Total Expenditures	<u>2,223,817</u>
Net Change in Fund Balance	5,185,124
Fund Balances - Beginning of Year	<u>-</u>
Fund Balances - End of Year	<u>\$ 5,185,124</u>

See accompanying notes.

**CHILDREN'S TRUST OF ALACHUA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Balance of Governmental Funds	<u>\$ 5,185,124</u>
Change in Net Position of Governmental Activities	<u><u>\$ 5,185,124</u></u>

See accompanying notes.

**CHILDREN'S TRUST OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Children's Trust of Alachua County (CTAC) is an independent special district established under County Ordinance 18-08 and approved by the electors of Alachua County voting in the November 6, 2018, election. CTAC is governed by a board of directors which consists of 10 members, including the Superintendent of Schools, a local School Board member, the District III Administrator from the Florida Department of Children and Families or designee; one member of the Board of County Commissioners, a Judge assigned to juvenile cases and the remaining five members are appointed by the Governor for four-year terms. CTAC operates in accordance with Section 125.901, Florida Statutes.

CTAC funds and supports a coordinated system of community services that allows all youth and their families to thrive. CTAC's vision statement is to facilitate equitable access and opportunities for all children and families in Alachua County to ensure every child reaches their maximum potential.

CTAC follows the standards promulgated by Government Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*. The accompanying financial statements include all operations over which CTAC is financially accountable.

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

Government-Wide and Fund Financial Statements

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

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

Separate fund financial statements are provided for governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

**CHILDREN'S TRUST OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

CTAC reports the following major governmental fund:

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

Budgets and Budgetary Accounting

The budget is prepared and adopted after public hearings, pursuant to Section 200.065 of the Florida Statutes. The budget was adopted by CTAC for the General Fund for the period October 1, 2019 through September 30, 2020 utilizing generally accepted accounting principles. Throughout the year, there were CTAC approved budget transfers.

Capital Assets

Capital assets (property and equipment) are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property and equipment of CTAC is depreciated using the straight line method over the estimated useful lives of five to ten years for equipment and buildings for 39 years.

Property Taxes

Property taxes for the current year were assessed and collected by the Alachua County Tax Collector and subsequently remitted to CTAC. Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1. Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit Children's Trusts to levy property taxes at a rate of up to .5 mills (\$.50 per \$1,000 of assessed taxable valuation). The millage rate assessed by CTAC for the year ended September 30, 2020 was 0.5 mills.

**CHILDREN'S TRUST OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

All real and tangible personal property taxes are due and payable on November 1 each year, or as soon as practicable thereafter as the assessment roll is certified by the County Property Appraiser. The County Property Appraiser mails to each property owner on the assessment roll a notice of the taxes due and the County Tax Collector collects the taxes on behalf of CTAC. Taxes may be paid upon receipt of such notice, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by the County are provided for in the laws of Florida. There were no material delinquent property taxes at September 30, 2020.

Grants and Grants Payable

CTAC provides coordination, evaluation and funding of various programs for children which are administered by organizations throughout the County. Once CTAC decides to fund a program, CTAC executes a grant agreement with an administering organization (grantee). The grantee can then request cost reimbursements up to the total amount of the executed grant agreement on a monthly basis during the term of the grant as defined in the executed grant agreement. The grants payable at September 30, 2020 represents cost reimbursement requests submitted by grantees for costs incurred prior to September 30, 2020. No grants payable are recorded for amounts awarded through executed grant agreements for which cost reimbursement requests have not been made by grantees as of September 30, 2020.

Cash and Cash Equivalents

Cash and cash equivalents, which are cash and short-term investments with maturities of three months or less, include cash on hand and in banks, repurchase agreements and cash placed with the State Treasurer's investment pool.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Governmental Fund Balance

CTAC adopted a Fund Balance Policy to comply with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Governmental fund balances are now reported as non-spendable, restricted, committed, assigned and unassigned.

- Non-Spendable Fund Balance – Amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**CHILDREN'S TRUST OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

- Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to the constraints imposed by a formal action of the government's highest level of decision-making authority. Only the governing ten member council may modify or rescind a fund balance commitment, by resolution.
- Assigned Fund Balance – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The authority to assign fund balance lies with CTAC, the budget committee, or an official who has been given the authority to assign funds.
- Unassigned Fund Balance – The residual classification for the General Fund resources. This classification represents fund balances that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for a governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.
- Fund Balance Spending Hierarchy – When restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Note 2 - Deposits and Investments

Statement of Policy

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

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

Deposits

Banks qualified as public depositories under Florida law hold cash deposits of CTAC. In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. As of September 30, 2020, CTAC's bank balance was \$476,587 and the carrying value was \$300,391.

The pooled cash balance of CTAC also included \$5,574,910 at September 30, 2020, in Florida Prime, a Securities and Exchange Commission Rule 2a-7 like external investment pool, similar to money market funds. Florida Prime is rated AAAM by Standard and Poor's, and had a weighted average days to maturity of 48 days at September 30, 2020.

**CHILDREN'S TRUST OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

Investments

CTAC's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. Among other investments, the policy allows CTAC to invest in repurchase agreements and the State Board of Administration Local Government Surplus Trust Funds, which are the only two vehicles CTAC is currently utilizing.

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

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

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

As of September 30, 2020, CTAC did not hold any investments that meet the criteria described above.

Interest Rate Risk

Section 218.415(6), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. CTAC has a formal investment policy operating surplus funds that limits investments maturities to 3 years as a means of managing its exposure to fair value losses from increasing interest rates. Investment of non-operating funds, including construction funds can have maturities that do not exceed 5.50 years.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. CTAC's investment policy limits its investments to high quality investments to control credit risk.

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, CTAC will not be able to recover the value if its investment or collateral securities that are in possession of an outside party. CTAC's investment policy requires execution of a third-party custodial safekeeping agreement for all purchased securities, and require that securities be held in CTAC's name. As of September 30, 2020, CTAC did not own any securities that were required to be held in custodial safekeeping.

**CHILDREN'S TRUST OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

Note 3 - Receivables

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

Receivables at September 30, 2020 consisted of the following:

Excess Fees from Tax Collector and Property Appraiser	\$ 20,699
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Note 4 - Risk Management

CTAC 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. CTAC purchases commercial insurance coverage to cover the various risks. There have been no significant reductions in insurance coverage and there were no settled claims which exceeded insurance coverage in the last year.

Note 5 - Commitments and Contingencies

At September 30, 2020, CTAC had tentatively approved funding for next year's programs in the amount of \$7,140,666.

The budget of the property appraiser's office, as approved by the Department of Revenue, is the basis upon which taxing authorities of the County (except municipalities and the district school board) are billed by the property appraiser for services rendered. Each taxing authority is billed an amount that bears the same proportion to the total amount of the budget as its share of ad valorem taxes bore to the total levied for the preceding year. CTAC paid fees of \$130,228 to the Property Appraiser for the year ended September 30, 2020.

The tax collector's actual costs of collection must not exceed 2% of the tax revenues collected. CTAC's charges for the year amounted to \$147,072.

Note 6 - Grants

CTAC provides coordination, evaluation and funding of various programs for children which are administered by organizations throughout Alachua County, Florida in the following program areas:

1. Healthy Children
2. Strong Families
3. Safe Communities
4. Success in School and Life

**CHILDREN'S TRUST OF ALACHUA COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

As of September 30, 2020, \$4,161,086 of \$5,706,857 that CTAC awarded for grants in the 2020 budget has not been expended.

Total Program Grants Awarded as of September 30, 2020	\$ 5,706,857
Total Expended through September 30, 2020	<u>(1,545,771)</u>
Grants Outstanding at September 30, 2020	<u>\$ 4,161,086</u>

Note 7 - Board-Assigned Fund Balance

CTAC has assigned fund balance as follows as of September 30, 2020:

Assigned – Grants Outstanding and Carryover to FY21	\$ 4,161,086
Assigned – Subsequent Year's Reserves	387,111
Assigned – Future Program Capacity Expansion	<u>300,000</u>
Total Assigned	<u>\$ 4,848,197</u>

Note 8 - Interlocal Agreement

On September 24, 2019, CTAC entered into an interlocal agreement with the Alachua County Clerk of Court and the Alachua County Board of County Commissioners and then subsequently amended the interlocal on June 23, 2020, for the provision of the following services for period October 1, 2019, through September 30, 2020:

- 1) Clerk to provide Auditing, Accounting, and Treasury services for CTAC at a cost of \$45,000.
- 2) Alachua County to provide Human Resources (HR), Equal Opportunity (EO), Risk Management, Information & Technology, Purchasing, Legal and Financial Software Hosting services for CTAC at a not to exceed cost of \$123,250, plus hourly charges for HR and EO staff.
 - a. Additionally, the County agreed to budget and fund all CTAC positions as County employees and subsequently bill CTAC for reimbursement of all associated personnel costs (actual salary and benefits) for these positions. CTAC reimbursed the County \$160,424 in FY20 for these positions.

Note 9 - Operating Leases

CTAC is leasing office space under a lease that is cancelable under certain circumstances. The lease is accounted for as an operating lease. During the fiscal year ended September 30, 2020, the lease payments for operating leases totaled \$9,500.

Note 10 - Subsequent Event

On September 22, 2020, CTAC entered into a new Interlocal agreement with the Alachua County Clerk of Court and Alachua County Board of County Commissioners for the period October 1, 2020, through September 30, 2021. Pursuant to the new interlocal agreement, positions employed by the County under the prior interlocal which provided services to CTAC ceased to be employed by the County effective 11:59pm on September 30, 2020. As of October 1, 2020, all employees of Alachua County who transferred to CTAC will be reported to the Florida Retirement System (FRS) as being terminated under the County's Retirement Plan and begin being reported to FRS as new employees under CTAC's Retirement Plan.

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

CHILDREN'S TRUST OF ALACHUA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 7,238,758	\$ 7,238,758	\$ 7,341,128	\$ 102,370
Interest and Other Income	-	-	26,146	26,146
Grant Income	-	-	41,667	41,667
Total Revenues	<u>7,238,758</u>	<u>7,238,758</u>	<u>7,408,941</u>	<u>170,183</u>
Expenditures				
Program - Children's Services:				
Operating	418,832	418,832	151,100	267,732
Capital	30,000	30,000	-	30,000
Grant Awards	5,258,025	5,258,025	1,545,771	3,712,254
Total Program	<u>5,706,857</u>	<u>5,706,857</u>	<u>1,696,871</u>	<u>4,009,986</u>
Administration:				
Salary and Benefits	500,000	-	-	-
Operating	308,025	808,025	526,946	281,079
Reserve for Contingencies	361,938	361,938	-	361,938
Total Administration	<u>1,169,963</u>	<u>1,169,963</u>	<u>526,946</u>	<u>643,017</u>
Total Expenditures	<u>6,876,820</u>	<u>6,876,820</u>	<u>2,223,817</u>	<u>4,653,003</u>
Excess of Revenues Over (Under) Expenditures	361,938	361,938	5,185,124	4,823,186
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 361,938</u>	<u>\$ 361,938</u>	<u>\$ 5,185,124</u>	<u>\$ 4,823,186</u>

See accompanying notes.

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

To CTAC Members
Children's Trust of Alachua County
Gainesville, 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 of Alachua County (CTAC) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise CTAC's basic financial statements, and have issued our report thereon dated March 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CTAC's internal control over financial reporting (internal control) as a basis for designing 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 CTAC's internal control. Accordingly, we do not express an opinion on the effectiveness of CTAC's internal control.

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

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

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To CTAC Members
Children's Trust of Alachua County
Gainesville, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CTAC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance 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 CTAC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CTAC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 30, 2021
Gainesville, Florida

MANAGEMENT LETTER

To CTAC Members
Children's Trust of Alachua County
Gainesville, Florida

Report on the Financial Statements

We have audited the financial statements of the Children's Trust of Alachua County (CTAC) as of and for the year ended September 30, 2020, and have issued our report thereon dated March 30, 2020.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 30, 2020, 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 address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires 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 name and legal authority for CTAC were disclosed in the notes to the financial statements. There were no component units related to CTAC.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not CTAC 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 CTAC did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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To CTAC Members
Children's Trust of Alachua County
Gainesville, Florida

MANAGEMENT LETTER

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial conditions assessment procedures as of September 30, 2020 for CTAC. It is management's responsibility to monitor CTAC'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 the same.

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.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39 (3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

March 30, 2021
Gainesville, Florida

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

To CTAC Members
Children's Trust of Alachua County
Gainesville, Florida

We have examined Children's Trust of Alachua County's (CTAC) compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Trust management is responsible for CTAC's compliance with those requirements. Our responsibility is to express an opinion on CTAC's compliance 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 CTAC complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether CTAC complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on auditor judgment, including assessment of the risks of material non-compliance, 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 CTAC's compliance with the specified requirements.

In our opinion, CTAC complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Florida Auditor General, federal and other granting agencies, CTAC Members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

March 30, 2021
Gainesville, Florida

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