

Children's Services Council of Martin County

ANNUAL FINANCIAL REPORT

September 30, 2020

**Children's Services Council of Martin County
ANNUAL FINANCIAL REPORT**

Fiscal Year Ended September 30, 2020

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REPORT OF INDEPENDENT AUDITORS

To the Council Members
Children's Services Council of Martin County
Stuart, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Council Members
Children's Services Council of Martin County

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis 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 January XX, 2021 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Services Council of Martin County internal control over financial reporting and compliance.

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

January XX, 2021

**Children's Services Council of Martin County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2020**

Management's discussion and analysis of the financial statements for the Children's Services Council of Martin County (the "Council") provides a summary of the Council's activities for the fiscal year ended September 30, 2020. Management has prepared this Management Discussion and Analysis, and is responsible for the completeness and fairness of this information. This discussion and analysis should be read in conjunction with the accompanying financial statements.

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

FINANCIAL HIGHLIGHTS

- The assets of the Council exceeded its liabilities at the close of the fiscal year by \$9,887,061 (net position). This compares to the previous fiscal year when assets exceeded liabilities by \$9,956,076. Of this amount, \$2,283,402 is restricted in the form of capital assets and the balance is available to be used to meet the Council's ongoing obligation to citizens and creditors.
- The Council's total net position decreased \$(69,015) from September 30, 2019 to September 30, 2020.
- The Council levies taxes through the TRIM (Truth In Millage) process. Section 200.065, Florida Statutes establishes the annual process to set millage rates. For the fiscal year ended September 30, 2020, the millage rate was .3618 mills which produced \$7,940,757 in tax revenues compared to the previous fiscal year when tax revenues levied were \$7,716,732. Thus, \$224,025 or 2.9% more in tax revenues was received in Fiscal Year 2019/20 compared to Fiscal Year 2018/19. The Council maintained the millage rate for 2019/20 staying within its .5 mill cap anticipating stabilization of countywide property values.
- The millage rate approved for the Fiscal Year ending September 30, 2020 remained set at .3618 and is estimated to provide \$387,470 or 4.88% more in ad valorem revenues in Fiscal Year 2020/21 than were received for Fiscal Year 2019/20, as a result of the anticipation of accelerated property values. The majority of the increased revenues were budgeted to be used to fund increased program services.
- The Council had Rental, and Interest and Other Income totaling \$115,649 as described below:
 - Interest income on bank accounts of \$84,459.
 - Rental income of \$28,466.
 - Other miscellaneous revenues of \$2,724.

**Children's Services Council of Martin County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

FINANCIAL HIGHLIGHTS (CONTINUED)

- The total cost of the Council's grant allocations for the fiscal year ended September 30, 2020 was \$6,432,022. This cost represents expenditures on local service programs and compares to \$5,915,042 expended on local service programs for the fiscal year ended September 30, 2019.
- Pursuant to Governmental Accounting Standards Board Statement No. 54 ("GASB 54") the Council reports governmental fund balances as nonspendable, restricted, committed, assigned, or unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

**Children's Services Council of Martin County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

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

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

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

**Children's Services Council of Martin County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

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

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

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

Notes to Financial Statements

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

Budgetary Information

The budget is prepared and adopted after public hearings, pursuant to Section 200.065, Florida Statutes.

The General Fund budget exceeded actual expenditures mostly because there were less grant expenditures than were anticipated.

**Children's Services Council of Martin County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Financial Highlights:

The following are the highlights of financial activity for the year ended September 30, 2020.

- The Council's total assets exceeded total liabilities by \$9,887,061 (net position). Net investment in capital assets was \$2,283,402. Unrestricted net position was \$7,603,659.
- General revenues and program revenues totaled \$8,146,112, while general government and human services expenses totaled \$8,215,127.

Financial Analysis of the Council

The following schedule provides a summary of the assets, liabilities and net position of the Council.

	Net Position	
	2020	2019
Current and other assets	\$ 8,773,630	\$ 8,657,534
Capital assets, net of depreciation	2,283,402	2,363,860
Total Assets	11,057,032	11,021,394
Current liabilities	1,116,489	1,043,530
Non-current liabilities	53,482	21,788
Total Liabilities	1,169,971	1,065,318
Net position - net investment in capital assets	2,283,402	2,363,860
Net position-unrestricted	7,603,659	7,592,216
Total Net Position	\$ 9,887,061	\$ 9,956,076

The increase in current assets and net position-unrestricted is primarily the result of revenues in excess of expenditures at the fund level.

The decrease in capital assets and net investment in capital assets is primarily due to depreciation in the current year.

The increase in current liabilities is primarily the result of an increase in grants payable due to the timing of reimbursement request submissions.

**Children's Services Council of Martin County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

The following schedule provides a summary of the changes in net position of the Council.

Change in Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Operating grants and contributions	\$ 89,706	\$ 39,591
General Revenues		
Property taxes	7,940,757	7,716,732
Other general revenues	115,649	253,100
Total Revenues	<u>8,146,112</u>	<u>8,009,423</u>
Expenses		
General government	1,304,167	1,134,818
Human services	6,910,960	6,289,707
Total Expenses	<u>8,215,127</u>	<u>7,424,525</u>
Change in Net Position	(69,015)	584,898
Net Position - Beginning of Year	<u>9,956,076</u>	<u>9,371,178</u>
Net Position - End of Year	<u>\$ 9,887,061</u>	<u>\$ 9,956,076</u>

The increase in property taxes is due to the overall increase and stabilization in countywide property values with the Council maintaining its millage rate.

The decrease in other general revenues is primarily due to a decrease in interest earned from the bank.

The increase in human services is primarily due to the timing and amount of reimbursement request submissions and several new programs.

**Children's Services Council of Martin County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the Council's capital assets as of September 30, 2020 and 2019:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 376,733	\$ 373,138
Building	2,145,390	2,145,390
Land	535,410	535,410
Accumulated depreciation	<u>(774,131)</u>	<u>(690,078)</u>
Total Capital Assets (Net)	<u>\$ 2,283,402</u>	<u>\$ 2,363,860</u>

At the end of 2020, the Council had \$2,283,402 invested in capital assets including furniture and equipment, building, and land. This amount represents a net decrease (including additions and disposals) of \$84,053, or 3.4 percent less than last year.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND TAX RATES

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

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

**Children's Services Council of Martin County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The Council approved a budget utilizing a .3618 millage rate for the fiscal year ending September 30, 2021. This rate remains unchanged from the rate levied for the fiscal year ended September 30, 2020. It is anticipated that the .3618 millage rate will provide \$387,470 or 4.88% more in revenues in Fiscal Year 2020/21 than was received for Fiscal Year 2019/20.

The Council will need to continue its vigilance in assessing needs and resources in the community. While the Council has the authority to assess up to .5 mills, the current millage rate of .3618 leaves little flexibility in resources by way of increasing the millage rate.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Children's Services Council of Martin County. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Children's Services Council of Martin County; 101 SE Central Parkway, Stuart, Florida 34994. Further information about the Children's Services Council of Martin County can be found on the Council website: www.cscmc.org.

Children's Services Council of Martin County
STATEMENT OF NET POSITION
September 30, 2020

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 8,643,671
Receivables	117,958
Other assets	12,001
Total Current Assets	<u>8,773,630</u>
Non Current Assets	
Capital assets depreciated, net of accumulated depreciation (\$774,131)	<u>2,283,402</u>
Total Assets	<u>11,057,032</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	60,923
Grants payable	977,684
Deferred revenues	3,292
Current portion of accrued compensated absences	74,590
Total Current Liabilities	<u>1,116,489</u>
Non-current liabilities:	
Accrued compensated absences, due in more than one year	<u>53,482</u>
Total Liabilities	<u>1,169,971</u>
NET POSITION	
Net investment in capital assets	2,283,402
Unrestricted	<u>7,603,659</u>
Total Net Position	<u>\$ 9,887,061</u>

See notes to financial statements.

Children's Services Council of Martin County
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

Expenses	
General government	\$ (1,304,167)
Human services	(6,910,960)
Total expenses	<u>(8,215,127)</u>
Program revenues	
Operating grants and contributions	89,706
Net program expense	<u>(8,125,421)</u>
General revenues	
Ad Valorem taxes	7,940,757
Rental income	28,466
Interest and other income	87,183
Total general revenues	<u>8,056,406</u>
Change in Net Position	(69,015)
Net Position - October 1, 2019	<u>9,956,076</u>
Net Position - September 30, 2020	<u><u>\$ 9,887,061</u></u>

See notes to financial statements.

Children's Services Council of Martin County
BALANCE SHEET – GENERAL FUND
September 30, 2020

ASSETS	
Cash and cash equivalents	\$ 8,643,671
Receivables	117,958
Prepaid expenses	<u>12,001</u>
Total Assets	<u><u>\$ 8,773,630</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 60,923
Deferred revenues	3,292
Grants payable	<u>977,684</u>
Total Liabilities	<u><u>1,041,899</u></u>
Fund Balances:	
Nonspendable:	
Prepaid items	12,001
Assigned:	
Grants carryover to fiscal year 2021	4,797,705
Maintenance reserve	337,586
Operating reserve	363,523
Fiscal stabilization	314,486
Future program services expansion	350,000
Unassigned	<u>1,919,953</u>
Total Fund Balances	<u><u>8,095,254</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 9,137,153</u></u>

See notes to financial statements.

Children's Services Council of Martin County
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2020

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

Total fund balances - governmental funds	\$ 7,731,731
Net capital assets are not financial resources and, therefore, are not reported in governmental funds	2,283,402
Accrued compensated absences are not due and payable in the current period and are not reported in governmental funds	<u>(128,072)</u>
Net Position of Governmental Activities	<u><u>\$ 9,887,061</u></u>

See notes to financial statements.

Children's Services Council of Martin County
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
For the Year Ended September 30, 2020

	General
Revenues:	
Ad Valorem taxes	\$ 7,940,757
Intergovernmental revenues	89,706
Rental income	28,466
Interest and other income	87,183
Total Revenues	8,146,112
Expenditures:	
Current:	
General government	1,182,590
Human services	6,910,960
Capital outlay	3,595
Total Expenditures	8,097,145
Net change in fund balance	48,967
Fund Balances - October 1, 2019	7,682,764
Fund Balances - September 30, 2020	\$ 7,731,731

See notes to financial statements.

Children's Services Council of Martin 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

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

Net change in fund balance of governmental funds	\$ 48,967
Governmental funds report capital outlay as an expenditure. In the Statement of Activities the cost of certain assets are allocated over their estimated useful lives and reported as depreciation. This is the amount that capital outlay (\$3,595) was less than depreciation (\$84,053) in the current period.	(80,458)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in the compensated absences.	<u>(37,524)</u>
Change in Net Position of Governmental Activities	<u>\$ (69,015)</u>

See notes to financial statements.

Children's Services Council of Martin County
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GENERAL FUND – BUDGET AND ACTUAL
For the Year Ended September 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Ad Valorem taxes	\$ 7,921,409	\$7,921,409	\$ 7,940,757	\$ 19,348
Intergovernmental revenues	33,000	33,000	89,706	56,706
Rental income	20,000	20,000	28,466	8,466
Interest and other income	121,500	121,500	87,183	(34,317)
Total Revenues	<u>8,095,909</u>	<u>8,095,909</u>	<u>8,146,112</u>	<u>50,203</u>
EXPENDITURES				
Current:				
General government	1,122,430	1,122,430	1,182,590	(60,160)
Human services	11,673,965	11,673,965	6,910,960	4,763,005
Capital outlay	20,000	20,000	3,595	16,405
Total Expenditures	<u>12,816,395</u>	<u>12,816,395</u>	<u>8,097,145</u>	<u>4,719,250</u>
Excess of revenues over (under) expenditures	(4,720,486)	(4,720,486)	48,967	4,769,453
Fund Balances - October 1, 2019	<u>4,745,083</u>	<u>4,745,083</u>	<u>7,682,764</u>	<u>2,937,681</u>
Fund Balances - September 30, 2020	<u>\$ 24,597</u>	<u>\$ 24,597</u>	<u>\$ 7,731,731</u>	<u>\$ 7,707,134</u>

See notes to financial statements.

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Children's Services Council of Martin County (the "Council") is a special independent taxing district established under County Ordinance 348 in 1988 to improve the quality of life for all children in Martin County; its boundaries being coterminous with those of the county. The Council is governed by a ten-member Council which consists of the Superintendent of Schools, a local School Board member, the District XV Administrator from the Florida Department of Children and Families or his designee; one member of the Board of County Commissioners, and the Judge assigned to juvenile cases. The remaining five members are appointed by the Governor for four-year terms. The Council operates in accordance with Section 125.901, Florida Statutes.

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

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

Government-wide and Fund Financial Statements

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

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

Separate fund financial statements are provided for governmental funds.

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Council reports the following major governmental fund:

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

Budgets and Budgetary Accounting

The budget is prepared and adopted after public hearings, pursuant to Section 200.065 of the Florida Statutes. The budget was adopted by the Council for the General Fund for the period October 1, 2019 through September 30, 2020 utilizing generally accepted accounting principles. Throughout the year, there were Council 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 \$500 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 the Council is depreciated using the straight line method over the estimated useful lives of five to ten years for equipment and buildings for 39 years.

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes for the current year were assessed and collected by the Martin County Tax Collector and subsequently remitted to the Council. Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1. Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit Children's Services Councils to levy property taxes at a rate of up to .5 mills (\$.50 per \$1,000 of assessed taxable valuation). The millage rate assessed by the Council for the year ended September 30, 2020 was .3618 mills.

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

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

Grants and Grants Payable

The Council provides coordination, evaluation and funding of various programs for children which are administered by organizations throughout Martin County, Florida. Once the Council decides to fund a program, the Council 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.

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

All regular employees accrue one sick day per month. Employees with up to five years of service accrue one vacation day per month. Those exceeding five years of service accrue up to 1.25 days per month and employees with over ten years accrue up to 1.67 days per month. In the event of termination, an employee is reimbursed for a percentage of unused sick leave and any unused accumulated vacation leave up to a maximum of 30 days.

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.

Governmental Fund Balance

The Council 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.

- Nonspendable 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.
- 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 the Council, 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.

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balance (Continued)

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 B – DEPOSITS AND INVESTMENTS

Statement of Policy

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

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

Deposits

Banks qualified as public depositories under Florida law hold cash deposits of the Council. In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or banking institution eligible collateral. As of September 30, 2020, the Council's bank balance was \$3,541,331 and the carrying value was \$3,541,006.

The cash balance of the Council also included \$5,102,665 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 Poors, and had a weighted average days to maturity of 37 days at September 30, 2020.

Investments

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

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

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE B – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

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

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

Interest Rate Risk

The Council does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Council'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, the Council will not be able to recover the value if its investment or collateral securities that are in possession of an outside party. The Council's investment in repurchase agreements is held by the investment's counterparty and not in the name of the Council.

NOTE C – RECEIVABLES

The majority of receivables are due from other governmental and grantee agencies. The Council 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	\$ 73,677
Other receivables	44,281
Total Receivables	<u>\$ 117,958</u>

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE D – CHANGES IN CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets:				
Land	\$ 535,410	\$ -	\$ -	\$ 535,410
Total Non-Depreciable Assets	<u>535,410</u>	<u>-</u>	<u>-</u>	<u>535,410</u>
Depreciable Assets:				
Furniture and equipment	373,138	3,595	-	376,733
Buildings	2,145,390	-	-	2,145,390
Total Depreciable Assets	<u>2,518,528</u>	<u>3,595</u>	<u>-</u>	<u>2,522,123</u>
Less accumulated depreciation for:				
Furniture and equipment	(277,504)	(29,043)	-	(306,547)
Buildings	(412,574)	(55,010)	-	(467,584)
Total Accumulated Depreciation	<u>(690,078)</u>	<u>(84,053)</u>	<u>-</u>	<u>(774,131)</u>
Capital Assets, Net	<u>\$ 2,363,860</u>	<u>\$ (80,458)</u>	<u>\$ -</u>	<u>\$ 2,283,402</u>

Depreciation expense of \$84,053 was charged to General Government for the year ended September 30, 2020.

NOTE E – NON-CURRENT LIABILITIES

A summary of changes in Non-Current Liabilities follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	<u>\$ 90,548</u>	<u>\$ 84,161</u>	<u>\$ 46,637</u>	<u>\$ 128,072</u>	<u>\$ 74,590</u>

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE F – OPERATING LEASE COMMITMENTS

The Council leases one copier and a stamping machine under operating leases. The lease term for the copier is 60 months beginning February 2017 and requires monthly lease payments of \$559. The lease term for the stamping machine is 36 months beginning October 2017 and requires monthly lease payments of \$64. Equipment rental of \$7,478, was expensed for the year ended September 30, 2020, of which the entire amount related directly to the non-cancelable operating leases. Future minimum lease payments by fiscal year are as follow:

Year Ending, September 30,	Copier	Stamp Machine	Total
2021	\$ 6,708	\$ 64	\$ 6,772
2022	2,795	-	2,795
Totals	<u>\$ 9,503</u>	<u>\$ 64</u>	<u>\$ 9,567</u>

NOTE G – RISK MANAGEMENT

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

NOTE H – COMMITMENTS AND CONTINGENCIES

At September 30, 2020, the Council had tentatively approved funding for next year's programs in the amount of \$6,351,985.

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. The Council paid fees of \$75,821 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. The Council's charges for the year amounted to \$86,411 or 1.1% of tax revenues collected.

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE I – PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

The Council provides a defined contribution pension plan sponsored by the Variable Annuity Life Insurance Company (VALIC).

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions and forfeitures of other participants' benefits that may be allocated to such participant's account.

The plan covers eligible employees who have completed at least 1,000 hours of service by their anniversary date and are at least 21 years old. Any service with an organization in the non profit health and social service field described in Section 501(c) of the code before employment with the Council will count as service for purposes of eligibility.

For each employee in the pension plan, the Council is required to contribute 15 percent of annual salary, exclusive of overtime pay. For the year ended September 30, 2020, the Council's required and actual contributions amounted to \$113,669.

NOTE J – GRANTS

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

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

As of September 30, 2020, \$4,797,705 of \$6,351,985 that the Council awarded for grants in the 2021 budget has not been expended.

Total program grants awarded as of September 30, 2020	\$ 6,351,985
Total expended through September 30, 2020	<u>(1,554,280)</u>
Grants outstanding at September 30, 2020	<u>\$ 4,797,705</u>

CHILDREN'S SERVICES COUNCIL OF MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE K – BOARD-ASSIGNED FUND BALANCE

The Council has conducted a study to estimate the future cost of potential major repairs and replacements that may be required. Based on that study, the Council has assigned fund balance as follows as of September 30, 2020:

Assigned - roof replacement	\$	122,805
Assigned - air conditioner		127,531
Assigned - parking lot		<u>87,250</u>
Assigned Maintenance Reserve	<u>\$</u>	<u>337,586</u>

The assigned fund balance for operating reserves is based on three months of operations as listed in the subsequent years budget and totaled \$363,523 at September 30, 2020.

The assigned fund balance for fiscal stabilization is to provide for the projected expenditures in excess of projected revenues for the next three years and totaled \$314,486 at September 30, 2020.

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

To the Council Members
Children's Services Council of Martin County
Stuart, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Children's Services Council of Martin County (the "Council"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January XX, 2021.

Internal Control Over Financial Reporting

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

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

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

To the Council Members
Children's Services Council of Martin County
Stuart, Florida

Compliance and Other Matters

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

Purpose of this Report

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

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

January XX, 2021

MANAGEMENT LETTER

To the Council Members
Children's Services Council of Martin County
Stuart, Florida

Report on the Financial Statements

We have audited the financial statements of the Children's Services Council of Martin County as of and for the year ended September 30, 2020, and have issued our report thereon dated January XX, 2021.

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 January XX, 2021, 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.

Financial Condition

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

To the Council Members
Children's Services Council of Martin County

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2020 for Children's Services Council of Martin County. It is management's responsibility to monitor the Children's Services Council of Martin County's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

Other Matters

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

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

Purpose of this Letter

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

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

January XX, 2021

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

To the Council Members
Children's Services Council of Martin County
Stuart, Florida

We have examined Children's Services Council of Martin County's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management is responsible for Children's Services Council of Martin County's compliance with those requirements. Our responsibility is to express an opinion on Children's Services Council of Martin County's compliance based on our examination.

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

In our opinion, Children's Services Council of Martin County complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

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

January XX, 2021

To the Council Members
Children's Services Council of Martin County
101 SE Central Parkway
Stuart, Florida 34994

We are pleased to provide the following information related to our audit of Children's Services Council of Martin County for the year ended September 30, 2020 to assist you in your oversight responsibility of the financial reporting process of the Council.

Our responsibility under the auditing standards has been described to you in our engagement letter dated September 25, 2020.

Management is responsible for the appropriateness of the accounting policies used by the Council. During the year, no significant new accounting policies were adopted nor were there any changes in the existing accounting policies.

We did not discuss with Management, any significant or unusual transactions nor did we discuss any alternative treatments available under generally accepted accounting policies during the current audit period.

We did not encounter any immaterial uncorrected misstatements during the course of our audit.

There are no disagreements with Management over the application of significant accounting principles, the basis for judgments made by Management on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

We are not aware of any consultations Management had with other accountants about accounting or auditing matters.

Council Members
Children's Services Council of Martin County
Page 2

There were no significant issues that were discussed during the course of the audit.

We did not encounter any difficulties in dealing with Management during the audit process.

Management has made certain written representations to us as part of the audit process.

This letter is intended solely for the information and use of the Board and Management and is not intended to be and should not be used by anyone other than the intended parties. Please contact J. W. Gaines should you have any questions concerning this letter. We greatly appreciate the opportunity to be of service to Children's Services Council of Martin County.

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

January XX, 2021

Council Members

Chair

Joshua D. Ferraro

Vice-Chair

James W. Campo

Treasurer

Christia Li Roberts

Dr. John D. Millay

Robert "Bob" McPartlan

Sarah Heard

Susan D. Burrows

Hon. Judge Steven J. Levin

Executive Director

David L. Heaton

February 18, 2021

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
600 Citrus Avenue, Suite 200
Fort Pierce, Florida 34950

This representation letter is provided in connection with your audit of the statement of financial position of Children's Services Council of Martin County, as of September 30, 2020 and the related statements of activities, cash flows and functional expenses and the related notes to the financial statements, for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, in accordance with the accounting principles generally accepted in the United States.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of February 18, 2021:

Financial Statements

1. We have fulfilled our responsibility, as set out in the terms of the audit engagement dated September 25, 2020, for the preparation and fair presentation of the financial statements, in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectible amounts.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosures have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
10. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

11. We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and related data;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of allegations of fraud or suspected fraud, affecting the Organization's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.

Berger, Toombs, Elam, Gaines & Frank
February 18, 2021

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Council's financial statements received in communications from employees, former employees, or others.
16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
17. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
18. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
19. We are not aware of any significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Council's ability to record, process, summarize, and report financial data.
20. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. Children's Services Council of Martin County, has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities or net position balances.
22. Children's Services Council of Martin County, has satisfactory title to all owned assets.

Supplementary Information

23. With respects to supplementary information presented in relation to the financial statements as a whole:
 1. We acknowledge our responsibility for the presentation of such information.
 2. We believe such information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States (US GAAP).
 3. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that:

24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.

25. We have identified and disclosed to you:
 - a. All instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance. There were no such instances in the fiscal year ended September 30, 2020.
 - b. All instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts. There were no such instances in the fiscal year ended September 30, 2020.
 - c. All instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements. There were no such instances in the fiscal year ended September 30, 2020.
26. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
27. We have a process to track the status of audit findings and recommendations.
28. We have identified to you all previous audits or attestation engagements that relate to the objectives of this audit, including whether related recommendations have been implemented.
29. We are responsible for making fair value measurements and disclosures included in the financial statements in accordance with GASB Statement 72, *Fair Value Measurement and Application*, including determining the fair value of assets and liabilities for which there has been a significant decrease in the volume and level of activity in relation to the normal market activity for those assets or liabilities (or similar assets or liabilities) or for which transactions are deemed not orderly. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, in accordance with the fair value techniques included in GASB 72, considered the appropriateness of valuation techniques including circumstances in which a practical expedient may be used to estimate fair value, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with U.S. generally accepted accounting principles, including the disclosure requirements of GASB 72. We believe the assumptions and techniques used by us are in accordance with the definition of fair value in GASB 72 and the disclosures adequately described the level of inputs used in the fair value measurement, in accordance with the fair value hierarchy in GASB 72.
30. We have provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
31. We have reviewed, approved, and take full responsibility for the financial statements, related notes, and supplementary information and acknowledge the auditor's role in the preparation of this information.

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February 18, 2021


- 32. We have reviewed, approved, and take full responsibility for all proposed audit adjustments and acknowledgement of the auditor's role in the preparation of the adjustments.

- 33. We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through the date that the financial statements were issued have been recognized or disclosed in the financial statements. No events or transactions, other than those disclosed in the financial statements, have occurred subsequent to the balance sheet date and through the date that the financial statements were issued, that would require recognition or disclosure in the financial statements. I further represent that as of the date the financial statements were issued, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.

During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.



David Heaton, Executive Director



Zachery Hackley, Director of Finance