

**FLORIDA COMMISSION ON
COMMUNITY SERVICE
Tallahassee, Florida**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Florida Commission on Community Service
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Florida Commission on Community Service (the "Commission"), a component unit of the State of Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its discretely presented component unit and each major fund of the Commission as of June 30, 2019, and the respective change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Pages 4 through 7, budgetary comparison information on Page 32, schedules of the Commission's proportionate share of net pension liability on Page 33 and schedules of the Commission's contribution on Page 34 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of our audit.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Thomson Black & Veatch Company

Tallahassee, Florida
January 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with Section 14.29 (2) Florida Statutes, the Florida Commission on Community Service (the "Commission") is administratively housed within the Executive Office of the Governor and independently exercises the responsibilities required to comply with the Florida Volunteer and Community Service Act of 2001, the National and Community Service Trust Act of 1993 (Federal Law), and other provisions of state law.

Expenditures for the year totaled \$38,360,533 consisting of \$23,874,821 (62%) in sub-grants to partner organizations, \$11,319,337 (30%) in program matching expenditures, \$2,336,083 (6%) in personnel costs, and \$830,292 (2%) in operating expenses. Of the \$38.4 million administered by the Commission during the year, a total of \$35.2 million (92% of the total funding) was sub-granted to and expended by thirty-five (35) Florida sub-grantees.

The Commission provided oversight, administrative support, and pass-through grant funding for these thirty-five (35) sub-grantees, which include nonprofit organizations, governmental entities and local municipalities and organizations. During the audit period each sub-grantee entered into a standard contract with the Commission requiring compliance with State and Federal laws as well as meeting all applicable grant requirements.

Over the course of the 2018 - 2019 fiscal year, the thirty-five (35) sub-grantee organizations used their sub-grants and other resources to support one thousand four hundred thirty-seven (1,437) AmeriCorps members who provided 1.6 million hours of service across Florida, valued at \$38 million. Volunteer Florida's AmeriCorps members providing education-focused programs served approximately forty-nine thousand seven hundred and eight (49,708) students in three hundred thirty-two (332) Florida schools. Sub-grantee data shows that nearly 67% of students improved academically from this interaction. Volunteer Florida's AmeriCorps members were eligible for \$6.6 million in college scholarships as a result of their service.

During the 2018-2019 fiscal year, Volunteer Florida was awarded a Department of Homeland Security grant for the Disaster Case Management Program (DCMP) to serve 50 Florida Counties within the federally declared disaster area (DR-4337-FL Irma). Disaster Case Management is a time-limited process by which skilled helpers' partner with disaster affected individuals or families to plan for and achieve recovery following a disaster. The grant had expenditures of \$13,492,501 of which \$13,155,033 were sub-granted to four non-profit organizations providing services for 12,290 Florida residents with recovery needs from Hurricane Irma. Providing Disaster Case Management in partnership with Volunteer Florida provides Floridians with local knowledge and resources to effectively leverage community recovery funding in order to speed the recovery process for those most in need.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Also included in this discussion and analysis is supplementary information intended to provide additional detail to support these financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Commission's assets and liabilities, with the difference between the two 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 Commission is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 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., earned but unused vacation leave).

The government-wide financial statements include not only the Commission itself (known as the *primary government*), but also a legally separate Foundation for which the Commission is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on Pages 8 - 9 of this report.

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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission has one fund category - the governmental fund.

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 may be 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 *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*. The Commission maintains one (1) individual governmental fund, the special revenue fund. The basic governmental fund financial statements can be found on Pages 10 - 13 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 - 31 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Commission's budgetary information and defined benefit plans. Required supplementary information can be found on Pages 32 - 34 of this report.

The following table presents the Commission's condensed Statement of Net Position as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total assets	\$ 6,740,842	\$ 3,384,673
Total deferred outflows related to pensions	914,579	666,319
Total liabilities	8,163,520	4,305,220
Total deferred inflows related to pensions	<u>176,547</u>	<u>115,944</u>
Net Position	\$(<u>684,646</u>)	\$(<u>370,172</u>)

The following table presents the Commission's condensed Statement of Activities for the fiscal years ended June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Total revenue	\$ 38,046,058	\$ 23,589,640
Total expenditures	<u>38,360,533</u>	<u>23,726,149</u>
Change in net position	\$(<u>314,475</u>)	\$(<u>136,509</u>)

Governmental Activities

Net position decreased by \$(314,475). Accounting for GASB 68 amounted to \$(212,581) of the decreases.

Financial Analysis of the Government's Funds

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds. The focus of the Commission's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Commission'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.

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$259,837, a decrease of \$(67,244) in comparison with the prior year. All of this total amount is classified as *assigned fund balance*.

The special revenue fund accounts for revenue sources that are restricted to expenditure for specific purposes for the Commission. At the end of the current fiscal year, total fund balance of the special revenue fund was \$259,837.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Erin Sjostrom, Chief Operating Officer; The Florida Commission on Community Service.

FLORIDA COMMISSION ON COMMUNITY SERVICE
STATEMENT OF NET POSITION
June 30, 2019

	<u>Governmental Activities</u>	<u>Component Unit</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 36,544	\$ 17,951,970
Grants receivable	6,595,744	-
Due from Foundation	108,554	-
Sub-grantee advances	-	33,351
Other assets	<u>-</u>	<u>95,353</u>
 TOTAL ASSETS	 <u>6,740,842</u>	 <u>18,080,674</u>
 Deferred outflows related to pensions	 <u>914,579</u>	 <u>-</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	6,481,005	44,443
Due to Commission	-	108,554
Accrued leave	114,808	-
Net pension liability	<u>1,567,707</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>8,163,520</u>	 <u>152,997</u>
 Deferred inflows related to pensions	 <u>176,547</u>	 <u>-</u>
<u>NET POSITION</u>		
Restricted	-	17,670,249
Unrestricted (deficit)	<u>(684,646)</u>	<u>257,428</u>
 TOTAL NET POSITION	 <u>\$(684,646)</u>	 <u>\$ 17,927,677</u>

See accompanying notes.

FLORIDA COMMISSION ON COMMUNITY SERVICE
STATEMENT OF ACTIVITIES
For Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Position	
		Operating Grants and Contributions	Primary Government Governmental Activities	Component Unit
PRIMARY GOVERNMENT				
Government activities:				
Program services	\$ <u>38,360,533</u>	\$ <u>38,046,058</u>	\$(<u>314,475</u>)	\$ <u> -</u>
TOTAL GOVERNMENT ACTIVITIES	\$ <u>38,360,533</u>	\$ <u>38,046,058</u>	(<u>314,475</u>)	-
COMPONENT UNIT:				
The Volunteer Florida Foundation, Inc.	\$ <u>4,633,340</u>	\$ <u>6,866,178</u>	-	2,232,838
GENERAL REVENUES				
Grants and contributions not restricted to specific programs			-	151,823
Unrestricted investment earnings			<u> -</u>	<u>235,985</u>
TOTAL GENERAL REVENUES			<u> -</u>	<u>387,808</u>
CHANGE IN NET POSITION			(<u>314,475</u>)	2,620,646
NET POSITION, BEGINNING OF YEAR			(<u>370,171</u>)	<u>15,307,031</u>
NET POSITION, END OF YEAR			\$(<u>684,646</u>)	\$ <u>17,927,677</u>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2019**

	<u>Special Revenue Fund</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 36,544
Grants receivable	6,595,744
Due from Foundation	<u>108,554</u>
	<u>\$ 6,740,842</u>
<u>LIABILITIES AND NET FUND BALANCE</u>	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 6,481,005
FUND BALANCE	
Assigned fund balance	<u>259,837</u>
TOTAL FUND BALANCE	<u>259,837</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,740,842</u>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2019**

AMOUNTS REPORTED FOR "GOVERNMENTAL ACTIVITIES" IN STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Fund balance - Governmental Fund		\$ 259,837
Long-term liabilities, including accrued leave, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.		(114,808)
<p>On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the Commission's proportionate share of the net pension liability of the cost-sharing defined benefit pension plans in which the Commission participates, is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported in accordance with GASB Statement No. 68.</p>		
Net pension liability	\$(1,567,707)	
Deferred outflows related to pensions	914,579	
Deferred inflows related to pensions	(176,547)	(829,675)
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$(<u>684,646</u>)

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
Year Ended June 30, 2019**

	<u>Special Revenue Fund</u>
REVENUES	
Federal grants	\$ 25,506,269
Program matching contributions	11,319,337
State of Florida funds	1,179,611
Other income	<u>40,841</u>
TOTAL REVENUES	38,046,058
 EXPENDITURES	
Current:	
Volunteer program services:	
Sub-grantee transfers	23,874,821
Program matching expenditures	11,319,337
Personnel services	2,088,852
Operating expenses	<u>830,292</u>
TOTAL EXPENDITURES	<u>38,113,302</u>
NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	(67,244)
 FUND BALANCE, as of July 1, 2018	 <u>327,081</u>
 FUND BALANCE, June 30, 2019	 \$ <u><u>259,837</u></u>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019**

AMOUNTS REPORTED FOR “GOVERNMENTAL
ACTIVITIES” IN STATEMENT OF ACTIVITIES ARE
DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ (67,244)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Increase in accrued leave	(2,109)
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Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability and is reported as part of deferred outflows of resources.

	(212,581)
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In the Statement of Activities, pension expense is recorded for the Commission’s proportionate share of collective pension expense of the cost-sharing defined benefit plans in which the Commission participates. Also included in pension expense are amounts required to be amortized in accordance with GASB Statement No. 68.

	(<u>32,541</u>)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (<u>314,475</u>)
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See accompanying notes.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

These financial statements are intended to present the financial position and results of operations of the Florida Commission on Community Service (the “Commission”). The Commission is a component unit of the State of Florida and is included in the State of Florida’s annual financial report. The financial statements contained herein represent the financial transactions of only the Commission and its discretely presented component unit, Volunteer Florida Foundation, Inc. (the “Foundation”).

The Commission was established in 1994 by the Florida Legislature in response to the National and Community Service Trust Act of 1993. Section 14.29, Florida Statutes, specifies that the Commission shall be administratively housed within the Executive Office of the Governor (EOG) and shall independently exercise the responsibilities required to comply with the Florida Volunteer and Community Service Act of 2001, the National and Community Service Trust Act of 1993, and other provisions of state law. The Commission grants funds to Florida AmeriCorps and National Service programs; encourages volunteerism for all citizens, including youth, seniors and individuals with disabilities; promotes volunteerism for disaster preparedness and response; and helps to strengthen and expand volunteer centers in Florida.

Pursuant to State law, the Commission established a direct-support organization, Volunteer Florida Foundation, Inc. to receive, hold, and administer property and funds and to make expenditures to or for the benefit of the Commission programs. On April 22, 2010, the Commission and the Foundation severed their relationship with the terms of the separation detailed in a settlement agreement. Among other provisions, the agreement required the Foundation to make a one-time payment of \$210,565 to the Commission. In accordance with Section 14.29(9), Florida Statutes, a new direct-support organization was formed by the Commission on May 5, 2010, called Volunteer Florida Foundation, Inc.

The Commission is a governmental entity whose activities are accounted for in a special revenue fund.

Discretely Presented Component Unit

The component unit column in the governmental-wide financial statements includes the financial data of the Commission’s component unit.

The Foundation is a separate not-for-profit corporation organized and operated as a direct-support organization to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the Commission. Because of the nature of its relationship with the Commission, the Foundation is considered a component unit.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial data reported on the accompanying statements were derived from the Foundation's audited financial statements for the fiscal year ended June 30, 2019. These statements were audited under Florida Statute 215.981 as annual expenditures of the Foundation exceeded \$100,000 for the year then ended June 30, 2019.

Description of Government-Wide 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 non-fiduciary activities of the primary government and its component units. *Governmental activities* are supported by taxes and intergovernmental revenues.

As a branch of government that does not levy taxes, the Commission is funded by appropriations of the Florida Legislature through the Florida Department of Education and Florida Division of Emergency Management. The Commission is also funded by indirect charges to its federally awarded grant programs funded through the Corporation of National Community Service. The government-wide financial statements present this activity as a special revenue fund.

Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As discussed earlier, the government has one discretely presented component unit. The component unit is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds. The Commission reports the following major governmental fund:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than special assessments or expendable trusts) that are legally restricted to expenditures for specific purposes.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension liability, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Contributions 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty (60) days of year-end). All other revenue items are to be considered measurable and available only when cash is received by the government.

Assets, Liabilities and Net Position/Fund Balance

1. Deposits and Investments

The Commission's cash and cash equivalents are to be considered cash on hand, demand deposits and short-term investments with original maturities of three (3) months or less from the date of acquisition.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. *Capital Assets*

The Commission has established a capitalization threshold of \$5,000 for property expected to benefit the operations of the organization for multiple years to be considered.

- A capital asset is defined as a unit of tangible property that has an economic useful life of more than twelve (12) months; and was acquired or produced for a cost of more than \$5,000, including acquisition and installation costs on the same invoice. Capital assets must be capitalized and depreciated for financial statement purposes.
- The cost of all property acquired through federal or state funds will be clearly designated on the Statement of Financial Position as Paid in Capital, including depreciation of such assets.
- Capital Assets include building and improvements.
- Property purchased meeting the fixed asset definition is tagged with a pre-numbered asset tag noting Volunteer Florida and added to the list of assets maintained by the Finance Department. This list is categorized by type of fixed asset, i.e. buildings, furniture and equipment, plant assets, etc., and includes the asset number, date of installation, cost including taxes, shipping and installation fees, and life expectancy for depreciation purposes. A copy of the invoice(s) should be maintained with these asset records until the asset is sold or deleted.

3. *Long-term Obligations*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

4. *Deferred Outflows / Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Commission has one item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, which is reported in the government-wide statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. Details on the composition of the deferred outflows related to pensions are further discussed in Note 5.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting as deferred inflows of resources.

The item reported as deferred inflows of resources is the *deferred inflows related to pensions* reported in the government-wide statement of net position. The deferred inflows related to pensions are an aggregate of items related to pensions calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. Details on the composition of the deferred inflows related to pensions are further discussed in Note 5.

5. Pensions / Net Pension Liability

In the government-wide financial statements, net pension liability represents the Commission's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the cost-sharing pension plan's fiduciary net position.

The Commission participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by Florida Division of Retirement (collectively, FRS/HIS).

For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the FRS/HIS and additions to/deductions from FRS/HIS's fiduciary net position have been determined on the same basis as they are reported by FRS/HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. *Use of Estimates*

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires the Commission to make estimates and assumptions based on analytical methods in determining depreciation and various accruals. Actual results may differ from those estimates.

7. *Net Position Flow Assumption*

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

8. *Fund Balance Flow Assumptions*

Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Commission's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. *Fund Balance Policies*

The Commission has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. The Commission has reported the following fund balance components:

- **Restricted** - This component of fund balance consists of amounts that are constrained either: a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or b) by law through constitutional provisions or enabling legislation.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Assigned** - This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debit service funds are considered assigned for the general purpose of the respective fund.

Subsequent Events

Subsequent events were evaluated through January 27, 2020, which is the date the financial statements were available to be released. As of this date, no subsequent events were noted.

NOTE 2 - BUDGETARY PROCESS

Pursuant to its Plan of Operation, the Commission shall adopt an annual operating budget and program work plan for each fiscal year. The program work plan shall clearly outline the annual objectives of the Commission relative to duties and responsibilities and provide an anticipated schedule for completion of those objectives. The budget and work plan serve as the basis for funding appropriated by the Florida Legislature. The budget is adopted on the modified accrual basis of accounting.

NOTE 3 - ACCRUED LEAVE

It is the Commission's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick pay are accrued when occurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignation and retirement. As of June 30, 2019, accrued leave of \$114,808 is reported in the Statement of Net Position.

NOTE 4 - OPERATING LEASE

The Commission has two (2) lease agreements for office space. These leases are accounted for as operating leases. In governmental funds, lease payments are recorded as expenditures when paid and incurred. Rental expenditures for the year ended June 30, 2019 amounted to \$135,560.

Future minimal lease commitments are as follows:

June 30, 2020	\$ 134,728
June 30, 2021	112,363
June 30, 2022	115,589
June 30, 2023	117,988
June 30, 2024	121,346
Thereafter	<u>198,170</u>
	<u>\$ 800,184</u>

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT

A. General Information about the Florida Retirement System (FRS)

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

Essentially all regular employees of the Commission are eligible to enroll as members of the State administered Florida Retirement System (FRS). Provisions relating to the FRS are established by Chapter 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a cost sharing, multiple employer public-employee retirement system with two defined benefit plans and other nonintegrated programs administered by the Department of Management Services, Division of Retirement. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

The comprehensive annual financial report of the FRS is available by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877) 377-1737 or (850) 488-5706; by email at rep@dms.myflorida.com; or at the Division's Web site (http://www.dms.myflorida.com/workforce_operations/retirement/publications).

B. Defined Benefit Pension Plans

The Commission follows GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for reporting the employers' proportionate share of the net pension liabilities for the FRS and HIS defined benefit pension plans.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT (Continued)

Florida Retirement System (FRS) Defined Benefit Pension Plan

Plan Description - The FRS Pension Plan (the “Plan”) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six (6) years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight (8) years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age sixty-two (62) or at any age after thirty (30) years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age sixty-five (65) or any time after thirty-three (33) years of creditable service. Members of the Plan may include up to four (4) years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

Benefits Provided - Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are eligible for in-line-of-duty or regular disability and survivors’ benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT (Continued)

If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 1, 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement. Terms of the benefits provided by the Plan may be amended only by the State Legislature with a change in the Statutes governing the Plan.

Contributions - The State of Florida establishes contribution rates for participating employers and employees. The Commission employer and employee contribution rates are established in section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the Plan actuary but set by the Legislature. Statutes require any unfunded actuarial liability be amortized over thirty (30) plan years. Contribution rates during the 2018 - 2019 fiscal year were as follows.

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	6.54
Florida Retirement System, Senior Management Service	3.00	22.34
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.37
Florida Retirement System, Reemployment Retiree	(B)	(B)

(A) Employer rates include 1.66% for the retiree health insurance subsidy program. Also, employer rates, other than for DROP participants, include 0.06% for administrative costs of the Investment Plan.

(B) Contribution rates are dependent upon the retirement class in which the employee was reemployed.

The Commission's contributions to the FRS Pension Plan (not including the 1.66% HIS Program Contributions or employee contributions) totaled \$143,194 for the fiscal year ended June 30, 2019. Employee contributions totaled \$45,521 for the same period.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the Commission reported a liability of \$1,140,045 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018.

The Commission proportionate share of the net pension liability was based on accrued retirement contributions for employers that were members of the FRS Pension Plan during the fiscal year ended June 30, 2018. At June 30, 2018, the Commission's proportionate share was 0.0038%, which was an increase of 0.0013% from its proportionate share of 0.0025% measured as of June 30, 2017.

For the year ended June 30, 2019, the Commission recognized pension expense of \$353,602 for the FRS Pension Plan. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 96,579	\$ 3,505
Changes in assumptions	372,511	-
Net difference between projected and actual earnings on pension plan investments	-	88,082
Changes in proportion and differences between Commission contributions and proportionate share contributions	283,370	26,478
Commission contributions subsequent to the measurement date	<u>29,429</u>	<u>-</u>
TOTAL	\$ <u><u>781,889</u></u>	\$ <u><u>118,065</u></u>

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT (Continued)

The deferred outflows of resources related to pensions totaling \$29,429, resulting from Commission contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported for the FRS Pension Plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount Recognized
2019	\$ 146,260
2020	\$ 99,817
2021	\$ 13,917
2022	\$ 66,465
2023	\$ 44,442
Thereafter	\$ 6,601

Actuarial Assumptions - The total pension liability for the FRS Pension Plan was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Discount rate	7.00%
Long-term expected rate return, net of investment expense	7.00%
Municipal bond rate	N/A
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

The actuarial assumptions that determined the total pension liability of the FRS Pension Plan as of June 30, 2018, were based on the results of an actuarial experience study for the period of July 1, 2008 through June 30, 2013.

Actuarial assumptions for the FRS Pension Plan are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. As of June 30, 2018, the long term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT (Continued)

Discount Rate - The discount rate used to measure the total pension liability for the FRS Pension Plan disclosed above is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return - To develop an analytical basis for the selection of long-term expected rate of return assumption for the FRS Pension Plan, the 2018 FRS Actuarial Assumptions conference reviewed long-term assumptions developed by multiple contracted capital market assumptions teams. The table below shows resulting assumptions for each of the asset classes in which the plan was invested based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below.

Each asset class assumption is based on the consistent set of underlying assumption and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The expected real rate of return is presented in arithmetic means.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long - Term Arithmetic Expected Real Rate of Return</u>
Cash	1%	2.9%
Fixed Income	18%	4.4%
Global Equity	54%	7.6%
Real estate (property)	11%	6.6%
Private Equity	10%	10.7%
Strategic investments	6%	6.0%
TOTAL	<u>100%</u>	

**FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019**

NOTE 5 - RETIREMENT (Continued)

Sensitivity of the Commissions Proportionate Share of the Net Pension Liability of Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 7.00%. Also presented is what the Commission's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Commission's proportionate share of the FRS Pension Plan net pension liability, (asset)	\$ <u>2,080,629</u>	\$ <u>1,140,045</u>	\$ <u>358,834</u>

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

Plan Description - The HIS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system in order to assist such retired members in paying the cost of health insurance. Persons are eligible for health insurance subsidy payments who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system except those individuals who are pension recipients of health insurance coverage under Section 121.10, 237.08 (18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminates employment with all employers participating in the Florida Retirement System and:

- For a member of the FRS investment plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021 (29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes.
- For a member of the FRS defined benefit pension plan, or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan.

Any person retiring on or after July 1, 2001, as a member of the Florida Retirement System, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class under the pension plan as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 112, Florida Statutes.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT (Continued)

Benefits Provided - The benefit of the HIS Pension Plan is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement. HIS benefits are not guaranteed and are subject to annual legislature appropriation. In the event the legislature appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but no more than \$150 per month, pursuant to Section 112.363, Florida Statutes.

To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. Terms of the benefits provided by the Plan may be amended only by the State Legislature with a change in Statutes governing the Plan.

Contributions - The HIS Pension Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. There are no employee contributions required for the HIS Pension Plan. HIS Pension Plan contributions are deposited in a separate trust fund from which HIS payments are authorized.

The Commission's contributions to the HIS Pension Plan totaled \$36,346 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resource Related to Pension - At June 30, 2019, the Commission reported a liability of \$427,662 for its proportionate share of the HIS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Commission's proportionate share of the net pension liability was based on accrued retirement contributions for employers that were member of the HIS Pension Plan during the fiscal year ended June 30, 2018. At June 30, 2018, the Commission's proportionate share was 0.0040% which was an increase of 0.0003% from its proportionate share measured as of June 30, 2017.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT (Continued)

For the year ended June 30, 2019, the Commission recognized pension expense of \$71,199 for the HIS Pension Plan. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 47,561	\$ 45,216
Differences between expected and actual experiences	6,547	727
Net difference between projected and actual earnings on pension plan investments	258	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	72,370	12,539
Commission contributions subsequent to the measurement date	<u>5,954</u>	<u>-</u>
TOTAL	\$ <u>132,690</u>	\$ <u>58,482</u>

The deferred outflows of resources related to pensions totaling \$5,954 resulting from Commission contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported for the HIS Pension Plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount Recognized
2019	\$ 5,884
2020	\$ 5,862
2021	\$ 4,107
2022	\$ 922
2023	\$(5,725)
Thereafter	\$(2,625)

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 5 - RETIREMENT (Continued)

Actuarial Assumptions - The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date.

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Discount rate	3.87%
Long-term expected rate of return, net of investment expense	N/A
Municipal bond rate	3.87%
Inflation	2.60%
Salary increase, including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

The HIS program has a valuation performed biennially that is updated for GASB reporting, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. Because the HIS program is funded on a pay-as-you-go basis, no experience study has been completed for the program. The actuarial assumptions that determine the total pension liability for the HIS program were based on certain results of the recent experience study for the FRS Pension Plan.

Discount Rate - In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Pension Plan is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Index was adopted as the applicable municipal bond index.

Long-Term Expected Rate Return - As stated above, the HIS Pension Plan is essentially funded on a pay-as-you-go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumptions for cash flows into and out of the pension plan or assumed asset allocation.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2019**

NOTE 5 - RETIREMENT (Continued)

Sensitivity of the Commission's Proportionate Share of the Net Position Liability of Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 3.87%. Also presented is what the Commission's proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Commission's proportionate share of the HIS Pension Plan net pension liability	\$ <u>487,082</u>	\$ <u>427,662</u>	\$ <u>378,132</u>

NOTE 6 - DEPOSITS

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned. At year end, the carrying amount of the Commission's deposits was \$36,544 and the bank balance was \$80,157. As of June 30, 2019, the account is insured in full under Florida Statute Chapter 280, Florida Security for Public Deposits.

NOTE 7 - CONTINGENT LIABILITY

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by a grantor cannot be determined at this time although the Commission expects amounts, if any, to be immaterial.

NOTE 8 - CONCENTRATIONS

The Commission receives a significant amount of its funding from the Commission for National and Community Service. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Commission's programs and activities.

SUPPLEMENTARY INFORMATION

FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL FUND
Year Ended June 30, 2019

Governmental Fund				
Special Revenue				
Budgeted Amounts				
	Original	Final	Actual	Variance - Favorable (Unfavorable)
REVENUES				
Federal grants	\$ 28,651,858	\$ 28,077,698	\$ 25,506,269	\$ (2,571,429)
Program matching contributions	11,640,636	11,640,636	11,319,337	(321,299)
State of Florida funds	1,283,182	1,283,182	1,179,611	(103,571)
Other income	-	-	40,841	40,841
	41,575,676	41,001,516	38,046,058	(2,955,458)
EXPENDITURES				
Current				
Volunteer Services:				
Sub-grantee transfers	26,588,645	26,378,645	23,874,821	2,503,824
Program matching expenditures	11,640,636	11,640,636	11,319,337	321,299
Personnel services	2,278,336	2,062,673	2,088,852	(26,179)
Operating expenses	1,947,181	1,588,684	830,292	758,392
TOTAL EXPENDITURES	42,454,798	41,670,638	38,113,302	3,557,336
EXCESS OF EXPENDITURES OVER				
REVENUES	\$ (879,122)	\$ (669,122)	(67,244)	\$ 601,878
FUND BALANCE, BEGINNING OF YEAR			327,081	
FUND BALANCE, END OF YEAR			\$ 259,837	

See independent auditors' report.

**FLORIDA COMMISSION OF COMMUNITY SERVICE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Commission's Proportionate Share of Net Pension Liability
Florida Retirement System (FRS) Defined Benefit Pension Plan**

Commission Fiscal Year Ending June 30,	Plan Sponsor Measurement Date June 30,	Commission's Proportion of the FRS Net Pension Liability	Commission's Proportionate Share of the FRS Net Pension Liability	Commission's Covered Employee Payroll	Commission's Proportionate Share of the FRS Net Pension Liability as a Percentage of Covered Payroll	FRS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2019	2018	0.0038%	\$ 1,140,045	\$ 1,529,101	74.56%	84.26%
2018	2017	0.0025%	736,045	1,333,666	55.19%	83.89%
2017	2016	0.0017%	434,465	1,202,529	36.13%	84.88%
2016	2015	0.0019%	246,878	1,019,937	24.21%	92.00%
2015	2014	0.0018%	109,652	974,699	11.25%	96.09%
2014	2013	0.0021%	368,524	880,784	41.84%	88.54%

Notes:

1) The Commission implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a restatement as of June 30, 2014. Information for prior years is not available.

**FLORIDA COMMISSION OF COMMUNITY SERVICE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Commission's Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan**

Commission Fiscal Year Ending June 30,	Plan Sponsor Measurement Date June 30,	Commission's Proportion of the HIS Net Pension Liability	Commission's Proportionate Share of the HIS Net Pension Liability	Commission's Covered Employee Payroll	Commission's Proportionate Share of the HIS Net Pension Liability as a Percentage of Covered Payroll	HIS Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2019	2018	0.0040%	\$ 427,662	\$ 1,529,101	27.97%	2.15%
2018	2017	0.0037%	398,883	1,333,666	29.91%	1.64%
2017	2016	0.0033%	385,054	1,202,529	32.02%	0.97%
2016	2015	0.0032%	331,394	1,019,937	32.49%	0.50%
2015	2014	0.0030%	275,823	974,699	28.30%	0.99%
2014	2013	0.0034%	297,864	880,784	33.82%	1.78%

Notes:

1) The Commission implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a restatement as of June 30, 2014. Information for prior years is not available.

FLORIDA COMMISSION OF COMMUNITY SERVICE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Commission's Contributions
Florida Retirement System (FRS) Defined Benefit Pension Plan

Fiscal Year	FRS	FRS	FRS	Commission's	FRS
Ending	Contractually	Contributions in	Contribution	Covered	Contributions
June 30,	Required	Relation to the	Deficiency	Employee	as a
	Contribution	Contractually	(Excess)	Payroll	Percentage of
		Required			Covered
		Contribution			Payroll
2019	\$ 143,194	\$ 143,194	\$ -	\$ 1,529,101	9.36%
2018	131,687	131,687	-	1,333,666	9.87%
2017	82,505	82,505	-	1,202,529	6.86%
2016	57,116	57,116	-	1,019,937	5.60%
2015	61,370	61,370	-	974,699	6.30%
2014	54,178	54,178	-	880,784	6.15%

Notes:

1) The Commission implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a reinstatement as of June 30, 2014. Information for prior years is not available.

FLORIDA COMMISSION OF COMMUNITY SERVICE
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Commission's Contributions
Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

Fiscal Year	HIS	HIS	HIS	Commission's	HIS
Ending	Contractually	Contributions in	Contribution	Covered	Contributions
June 30,	Required	Relation to the	Deficiency	Employee	as a
	Contribution	Contractually	(Excess)	Payroll	Percentage of
		Required			Covered
		Contribution			Payroll
2019	\$ 36,346	\$ 36,346	\$ -	\$ 1,529,101	2.38%
2018	34,920	34,920	-	1,333,666	2.62%
2017	23,412	23,412	-	1,202,529	1.95%
2016	16,931	16,931	-	1,019,937	1.66%
2015	12,281	12,281	-	974,699	1.26%
2014	10,569	10,569	-	880,784	1.20%

Notes:

1) The Commission implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a reinstatement as of June 30, 2014. Information for prior years is not available.

See independent auditors' report.

**REPORTS REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS,*
OMB UNIFORM GUIDANCE, AUDITS OF STATES, LOCAL
*GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS***

FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

	CFDA Number	Contract Number	Expenditures	Transfers to Subrecipients
<u>Federal Awards:</u>				
Corporation for National and Community Service:				
AmeriCorps - Competitive	94.006	15ACHFL002	\$ 200,314	\$ 101,910
AmeriCorps - Competitive	94.006	15AFHFL001	654,465	562,214
AmeriCorps - Formula	94.006	18ACHFL001	4,614,211	4,572,459
Operation AmeriCorps	94.006	18AFHFL001	5,020,858	4,986,085
			<u>10,489,848</u>	<u>10,222,668</u>
Training and Technical Assistance	94.009	16TAHFL001	291,454	-
Training and Technical Assistance	94.009	19TAHFL002	23,205	23,205
			<u>314,659</u>	<u>23,205</u>
State Commissions	94.003	16CAHFL001	523,776	-
State Commissions	94.003	19CAHFL001	236,597	-
			<u>760,373</u>	<u>-</u>
Volunteer Generation Fund	94.021	17VGHFL001	398,002	262,210
			<u>11,962,882</u>	<u>10,508,083</u>
Department of Homeland Security:				
Florida Division of Emergency Management	97.088	FEMA-4437-DR- FL	13,636,424	13,298,957
Florida Division of Emergency Management	97.042	17-FG-4T-12-00- 01-209	199,396	132,936
			<u>13,835,820</u>	<u>13,431,893</u>
Total Expenditures of Federal Awards			<u>\$ 25,798,702</u>	<u>\$ 23,939,976</u>

Basis of Presentation

Note 1. Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards includes the federal awards of the Florida Commission on Community Service is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position or changes in net position of the Commission.

Note 2. Summary of Significant Accounting Policies: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. The Commission has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

See independent auditors' report.

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TBL

THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

HAROLD A. BROCK, JR., C.P.A.
FRED C. LUGER, C.P.A.
MATTHEW R. HANSARD, C.P.A.
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GREGORY J. COCHRAN, C.P.A.

JOHN K. KIRK, C.P.A.
KELLY VAZQUEZ, C.P.A.

OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

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

Board of Commissioners
Florida Commission on Community Service
Tallahassee, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Florida Commission on Community Service, (the "Commission") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 27, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, and 2019-004.

Commission's Response to Findings

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Thomson Black & Company

Tallahassee, Florida
January 27, 2020

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Board of Commissioners
Florida Commission on Community Service
Tallahassee, Florida

Report on Compliance for Each Major Federal Program

We have audited the Florida Commission on Community Service (the “Commission”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission’s major federal programs for the year ended June 30, 2019. The Commission’s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission’s compliance.

Basis for Qualified Opinion on State Commissions CFDA 94.003

As described in the accompanying schedule of findings and questioned costs, the Commission did not comply with requirements regarding, CFDA 94.003 State Commissions as described in finding numbers 2019-002, 2019-003, and 2019-004 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the Commission to comply with the requirements applicable to that program.

Qualified Opinion on State Commissions CFDA 94.003

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 94.003 State Commissions for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-004 to be a significant deficiency.

The Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thomson Black & Company

Tallahassee, Florida
January 27, 2020

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

PART A - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of audit report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X yes no
- Significant deficiencies identified? X yes none reported

Types of auditor's report issued on compliance for major federal programs: *Qualified*

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major federal programs:

Federal Program	Federal CFDA Number
AmeriCorps	94.006
State Commissions	94.003
Disaster Case Management	97.088

Dollar threshold used to distinguish between type A and type B federal programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

PART B - FINANCIAL STATEMENTS FINDINGS

Finding Number	2019-001
Financial Statements Accounts Titles	Grants Receivable; Federal Grants; Accounts Payable; and Sub-grantee transfers
Finding Type	Material Weakness
Finding	We noted that sub-grantee's four sided entry for payable, expense, receivable and revenue for the Disaster Case Management Program ("DCMP") were not recognized by management until the sub-grantee's periodic expense reimbursement report was reviewed and accepted by the DCMP Program Manager and remitted to the Deputy Director of Finance.
Criteria	GASB 33, Accounting and Financial Reporting for Non-Exchange Transactions requires the grantor to record a liability when a sub-grantee has incurred allowable costs and provided required program matching under provisions of the provider agreement.
Condition	DCMP sub-recipient payables and expenses for invoices prior to June 30, 2019 were not recorded. Additionally, the corresponding receivable and revenue from the federal draw was not recorded as of June 30, 2019.
Cause	The DCMP activity did not substantially begin until the 2018/19 fiscal year. Management did not apply the same process in recording these sub-recipient invoices as they do with the AmeriCorps grants.
Effect	Currently, management's recognition of the activity is not in accordance with GASB 33 and as such, required a material proposed adjustment to the books in order to comply with generally accepted accounting principles.
Recommendation	We recommend management record the sub-grantee payable for the period the expense reimbursement report is remitted; however, management should continue its disbursement process to the sub-grantee only when all supporting financial information has been adequately reviewed and accepted.
Commission Response	<i>See Management's Corrective Action Plan (pages 48 & 49)</i>

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

Finding Number	2019-002
CFDA Number	94.003
Program Title	State Commissions
Pass-Through Entity	N/A
Finding Type	Noncompliance (Allowable Costs) and Material Weakness
Questioned Costs	\$40,000

Finding The Commission expended funds for tenant improvements from federal sources and received a reimbursement for part of those costs in accordance with their lease agreement. This resulted in questioned costs totaling \$40,000 for the reimbursed tenant improvements.

Criteria In accordance with the Uniform Guidance, subpart E, section 200.406 *Applicable credits*: "Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate."

Condition In the 2018-19 fiscal year, the Commission entered into a lease agreement for office space. The agreement provided the Commission with a tenant improvement allowance for up to \$40,000. The Commission incurred costs exceeding the allowance and received the full \$40,000 from the lessor. The Commission recorded the expenditures for these costs against the federal award and recorded the tenant improvement refund into an unrestricted fund.

Cause Management indicated that the Commission needed a place to record these costs while they waited for the reimbursement from the lessor.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

Effect	\$40,000 of costs recorded to the federal award identified above are considered to be questioned costs.
Recommendation	The Commission should record a credit for the amount received to the federal award either as a cost reduction or cash refund, as appropriate.
Commission Response	<i>See Management's Corrective Action Plan (pages 48 & 49)</i>
Finding Number	2019-003
CFDA Number	94.003
Program Title	State Commissions
Pass-Through Entity	N/A
Finding Type	Noncompliance (Allowable Costs) and Material Weakness
Questioned Costs	\$39,474
Finding	Unallocated costs from Commission to Foundation resulted in \$39,474 of questioned costs for the State Commissions federal award.
Criteria	<p>In accordance with the Uniform Guidance, subpart E, section 200.405 <i>Allocable costs</i>: "(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:</p> <p>(1) Is incurred specifically for the Federal award;</p> <p>(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and</p> <p>(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart."</p>

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

Condition	The commission was in the process of correcting a management letter comment from the prior fiscal year by performing a time study to identify which areas staff spent their time outside of their normal duties. This study found that more time was used on Volunteer Florida Foundation activities, a component unit of the Commission, then had been previously allocated. Management’s intent was to apply this method starting in the 2019/20 fiscal year, however when the study was applied to the current fiscal year the estimated amount was significant to the federal award.
Cause	The Commission does not have a process in place to track employee time and allocate expenses among the various departments.
Effect	An estimated \$32,324 of employee payroll and related expenses were not properly allocated to the Volunteer Florida Foundation. Additionally, an estimated \$7,150 of indirect overhead costs were not properly allocated to Volunteer Florida Foundation. A total of \$39,474 of costs related to the award identified above are considered to be questioned costs.
Recommendation	Since the Commission and its component unit have various federal awards, state projects and public funding sources, it should implement a process to track employee time used for those areas and allocate the cost of that time accordingly. Additionally, the Commission should identify indirect cost centers and allocate those costs among the various departments based on a reasonable allocation method.
Commission Response	<i>See Management’s Corrective Action Plan (pages 48 & 49)</i>
Finding Number	2019-004
CFDA Number	94.003
Program Title	State Commissions
Pass-Through Entity	N/A
Finding Type	Noncompliance (Allowable Costs) and Significant Deficiency
Questioned Costs	\$7,613
Finding	Costs originally recorded for the State Commissions federal award were credited from the Florida Department of Emergency Management. The credit was not applied to the State Commissions federal award resulting in \$7,613 of questioned costs.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

Criteria	In accordance with the Uniform Guidance, subpart E, section 200.406 <i>Applicable credits</i> : "Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate."
Condition	The Commission utilized staff to work overtime in the Emergency Operations Center which was activated during Hurricane Irma in the 2017/18 fiscal year. The Commission submitted a request for reimbursement on costs that were originally recorded directly to the State Commissions federal award. The Commission received these funds in the 2018/19 fiscal year. These funds were recorded to unrestricted other revenue when received and not offset as a credit or refunded to the corresponding grant which they were originally paid from.
Cause	The Commission did specifically identify the time and related payroll expenses used to staff the Emergency Operations Center from other federal funds. Additionally, the grant period was closed when the funds were received.
Effect	Questioned costs were included in the amount of \$7,613. The cost of staffing the Emergency Operations Center was paid for using State and Federal funds that were not intended to be used for the Emergency Operations Center. When those funds were received they were not applied as a credit towards those State and Federal funds.
Recommendation	The Commission should record a credit for the amount received to the federal award either as a cost reduction or cash refund, as appropriate. Actual funds expended for the Emergency Operations Center should be recorded to a separate fund and invoiced to the Department of Emergency Management.
Commission Response	<i>See Management's Corrective Action Plan (pages 48 & 49)</i>

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019**

PART D - PRIOR YEAR FINDINGS FINANCIAL STATEMENTS

NONE.

PART E - PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

Audit Report fiscal year end (Finding No.)	Program/ Area	Brief Description	Status	Comments
June 30, 2018 (2018-001)	Sub- recipient monitoring	In the prior year, we noted that the Commission lacked a process to obtain audited financial statements from sub- recipients within nine (9) months of their fiscal year end.	Corrected	In the current year, management developed and implemented a policy to obtain financial statements from sub- recipients in a timely manner.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended June 30, 2019**



volunteerflorida

3800 Esplanade Way
Suite 180
Tallahassee, FL 32311

Phone: 850.414.7400
Fax: 850.921.5146

VolunteerFlorida.org

Finding Number: 2019-001

Planned Corrective Action: The DCMP Program was new for Volunteer Florida in this fiscal year. As part of the requirements of the funding, the staff had to physically be located within the Hurricane Irma effected area. Orlando was chosen as a relatively central location. The program was operated by the Emergency Management department in Tallahassee, FL. Besides the physical location difference, there were a number of staff turnovers, including the CFO, Director of Emergency Management, DCMP Program Manager and DCMP Financial Analyst.

Due to the transition, the sub-grantees were slow to organize their process and begin submitting invoices. This has been a continued issue with this program. In order to allow access to funds as quickly as possible, the invoices were paid in tranches, when complete documentation was received. In doing this, the entry made to the accounting system was for that payment, a two-sided entry and not a four-sided entry which would have recorded the accounts receivable and accounts payable transaction.

Effective immediately, Volunteer Florida will follow a four-sided entry process, recording the invoice when received and making any adjustments to subsequent invoices as needed. Any undocumented expenses will be moved to the next invoice. The disbursements will continue to be made only upon review and verification of supporting financial information for each allowable expense.

Finding Number: 2019-002

Planned Corrective Action: Volunteer Florida entered into a lease agreement to move office space as of February 1, 2019. The approved space required leasehold improvements including but not limited to paint, carpet, ceiling tile replacement, data drop configuration, and kitchen improvements. The lease included a leasehold improvement allowance of \$40,000. It was negotiated with the property manager that these funds would be released prior to the work being completed to allow for payment of the goods and services. This, however, did not happen and the funds were expended out of 16CAHFL001.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended June 30, 2019**

Finding Number: 2019-002 (Continued)

The \$40,000 paid from the property owner was received after the grant had closed and was booked into an unrestricted fund.

This amount will be resubmitted to the Corporation for National and Community Service in the amount of \$40,000 to 16CAHFL001 to reimburse for the allowable expenses. This was a one-time oversight. In addition, we will perform a review of internal controls related to financial reporting and provide training as needed to staff to prevent errors from occurring in the future.

Finding Number: 2019-003

Planned Corrective Action: As recommended, a cost allocation process for salaries and indirect costs was established as of 7/1/18. In order to prepare for the budget process, 6 months of data in a time study was analyzed and used to allocate time among grants as well as between the Commission and Foundation. These allocations are in place and being utilized as of 7/1/19.

The approved, budgeted salary and indirect cost allocations were utilized in the audited fiscal year. With the additional information provided through the aforementioned time study, it was determined that the fiscal year's allocation was insufficient and required additional allocation. This amount will be resubmitted to the Corporation for National and Community Service in the amount of \$39,473.76 to 16CAHFL001 to reimburse for the allowable expenses. This has already been rectified with ongoing salary and indirect cost allocations in the current fiscal year. A review of the cost allocation entries will be reviewed by the CFO or designee on a monthly basis to ensure compliance with the cost allocation plan.

Finding Number: 2019-004

Planned Corrective Action: The approved reimbursement of overtime hours during the time during and following Hurricane Irma in Aug/Sept/Oct 2017 was booked to an unrestricted fund with the grant used to pay these individuals having been closed when received.

This amount will be resubmitted to the Corporation for National and Community Service in the amount of \$7,613 to 16CAHFL001 to reimburse for the allowable expenses. Further, \$3,387.28 will be reimbursed to 16TAHFL001 to the Corporation for National and Community Service and \$7,260.73 will be reimbursed to the Florida Division of Emergency Management to EMPG FY1819-FG-AJ-02-75-01-150. This was a one-time oversight. As noted previously, we will perform a review of internal controls related to financial reporting and provide training as needed to staff to prevent errors from occurring in the future