

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2017

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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, 2017 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, 2017, 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 10, 2018, 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 Brock & Company

Tallahassee, Florida
January 10, 2018

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 \$23,068,659 consisting of \$10,993,825 (48%) in sub-grants to partner organizations, \$9,520,704 (41%) in program matching expenditures, \$1,533,180 (7%) in personnel costs, and \$1,020,950 (4%) in operating expenses. Of the \$23 million administered by the Commission during the course of the year, a total of \$21 million (91% of the total funding) was sub-granted to and expended by 36 Florida sub-grantees.

The Commission provided oversight, administrative support, and pass-through grant funding for these 36 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 2016 - 2017 fiscal year, the 36 sub-grantee organizations used their sub-grants and other resources to support 1,380 AmeriCorps members who provided 1,678,385 million hours of service across Florida, valued at \$38 million. Volunteer Florida's AmeriCorps members providing education-focused program served approximately 54,000 students in 358 Florida schools. Volunteer Florida's AmeriCorps members were eligible for \$7.2 million in college scholarships as a result of their service.

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide financial statements. (Continued)

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 individual governmental fund, the special revenue fund. The basic governmental fund financial statements can be found on pages 10 - 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 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. Required supplementary information can be found on pages 32 - 34 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The following table presents the Commission's condensed Statement of Net Position as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Total assets	\$ 1,602,478	\$ 1,563,048
Total deferred outflows related to pensions	353,058	165,837
Total liabilities	2,106,686	1,821,223
Total deferred inflows related to pensions	<u>82,513</u>	<u>134,819</u>
Net Position	\$(<u>233,663</u>)	\$(<u>227,157</u>)

The following table presents the Commission's condensed Statement of Activities for the fiscal years ended June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Total revenue	\$ 23,062,153	\$ 21,974,625
Total expenditures	<u>23,068,659</u>	<u>21,739,552</u>
Change in net position	\$(<u>6,506</u>)	\$ <u>235,073</u>

Governmental Activities

Net position decreased by \$6,506. The implementation of GASB 68 accounted for \$27,346 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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental funds. (Continued)

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$476,797, an increase of \$57,214 in comparison with the prior year. Of this amount \$293,278 is classified as *restricted fund balance* \$183,519 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 \$476,797.

Requests for Information

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

FLORIDA COMMISSION ON COMMUNITY SERVICE
STATEMENT OF NET POSITION
June 30, 2017

	<u>Governmental Activities</u>	<u>Component Unit</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 199,506	\$ 657,552
Grant receivables	<u>1,402,972</u>	<u>-</u>
TOTAL ASSETS	<u>1,602,478</u>	<u>657,552</u>
 Deferred outflows related to pensions	 <u>353,058</u>	 <u>-</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	1,125,681	10,942
Accrued leave	161,486	-
Net pension liability	<u>819,519</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,106,686</u>	<u>10,942</u>
 Deferred inflows related to pensions	 <u>82,513</u>	 <u>-</u>
<u>NET POSITION</u>		
Restricted	293,278	621,536
Unrestricted (deficit)	(<u>526,941</u>)	<u>25,074</u>
TOTAL NET POSITION	\$(<u>233,663</u>)	\$ <u>646,610</u>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
STATEMENT OF ACTIVITIES
For Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Position	
		Operating Grants and Contributions	Primary Governmental Activities	Component Unit
PRIMARY GOVERNMENT				
Government activities:				
Program services	\$ <u>23,068,659</u>	\$ <u>23,062,153</u>	\$(<u>6,506</u>)	\$ <u>-</u>
TOTAL GOVERNMENT ACTIVITIES	\$ <u>23,068,659</u>	\$ <u>23,062,153</u>	(<u>6,506</u>)	-
COMPONENT UNIT:				
The Volunteer Florida Foundation, Inc.	\$ <u>350,910</u>	\$ <u>436,008</u>	-	85,098
GENERAL REVENUES				
Grants and contributions not restricted to specific programs			-	102,770
Unrestricted investment earnings			<u>-</u>	<u>79</u>
TOTAL GENERAL REVENUES			<u>-</u>	<u>102,849</u>
CHANGE IN NET POSITION			(<u>6,506</u>)	187,947
NET POSITION, BEGINNING OF YEAR			(<u>227,157</u>)	<u>458,663</u>
NET POSITION, END OF YEAR			\$(<u>233,663</u>)	\$ <u>646,610</u>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
BALANCE SHEET
GOVERNMENTAL FUND
For Year Ended June 30, 2017**

	<u>Special Revenue Fund</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 199,506
Grant receivables	<u>1,402,972</u>
	\$ <u>1,602,478</u>
<u>LIABILITIES AND NET FUND BALANCE</u>	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 1,125,681
FUND BALANCE	
Restricted fund balance	293,278
Assigned fund balance	<u>183,519</u>
TOTAL FUND BALANCE	<u>476,797</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,602,478</u>

See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
BALANCE SHEET
GOVERNMENTAL FUND
For Year Ended June 30, 2017**

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

Fund balance - Governmental Fund		\$ 476,797
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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.		(161,486)
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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.

Net pension liability	\$(819,519)		
Deferred outflows related to pensions	353,058		
Deferred inflows related to pensions	(<u>82,513</u>)	(<u>548,974</u>)	

NET POSITION OF GOVERNMENTAL ACTIVITIES		\$(<u>233,663</u>)
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See accompanying notes.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
Year Ended June 30, 2017**

	<u>Special Revenue Fund</u>
REVENUES	
Federal grants	\$ 12,085,879
Program matching contributions	9,520,704
State of Florida funds	<u>1,455,570</u>
TOTAL REVENUES	23,062,153
 EXPENDITURES	
Current:	
Volunteer program services:	
Sub-grantee transfers	10,993,825
Program matching expenditures	9,520,704
Personnel services	1,533,180
Operating expenses	<u>957,230</u>
TOTAL EXPENDITURES	<u>23,004,939</u>
NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	57,214
FUND BALANCE, BEGINNING OF YEAR	<u>419,583</u>
FUND BALANCE, END OF YEAR	\$ <u><u>476,797</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, 2017**

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

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 57,214
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	(40,417)
Expenditures recorded under the purchases method that apply to a future period are reported as prepaid expenses in the Statement of Activities.	(21,583)
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.	(27,346)
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>25,626</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$(<u>6,506</u>)

See accompanying notes.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

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, 2017

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, 2017. 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, 2017.

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, 2017

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 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 60 days of year end). All other revenue items are considered to be 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 considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

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 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, 2017

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 inflow 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, 2017

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, 2017

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 10, 2018, which is the date the financials 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 serves 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, 2017 accrued leave of \$161,486 is reported in the Statement of Net Position.

NOTE 4 - OPERATING LEASE

On July 30, 2013, the Commission entered into a sixty-two (62) month lease agreement for office space. The lease is only cancellable contingent on the Commission losing a significant amount of their funding. The lease is accounted for as an operating lease. In governmental funds, lease payments are recorded as expenditures when paid and incurred. Rental expenditures for the year ended June 30, 2017 amounted to \$73,889.

Future minimal lease commitments are as follows:

June 30, 2018 \$ 6,310

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

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 (844) 377-1888 or (850) 907-6500; 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, 2017

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 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 percent per year.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017**

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 percent determined by dividing the sum of the pre-July 1, 2011 service credit by the total service credit at retirement multiplied by 3 percent. 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. Statues require any unfunded actuarial liability be amortized over 30 plan years. Contribution rates during the 2016-2017 fiscal year were as follows.

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	5.80
Florida Retirement System, Senior Management Service	3.00	20.05
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	11.33
Florida Retirement System, Reemployment Retiree	(B)	(B)

(A) Employer rates include 1.66 percent for the retiree health insurance subsidy program. Also, employer rates, other than for DROP participants, include 0.06 percent 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 percent HIS Program Contributions or employee contributions) totaled \$82,505 for the fiscal year ended June 30, 2017. Employee contributions totaled \$35,672 for the same period.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 5 - RETIREMENT (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the Commission reported a liability of \$434,465 for its proportionate share of the FRS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016.

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, 2016. At June 30, 2017, the Commission's proportionate share was 0.0017 percent, which was a decrease of 0.0002 percent from its proportionate share of 0.0019 percent measured as of June 30, 2015.

For the year ended June 30, 2017 the Commission recognized pension expense of \$71,783 for the FRS Pension Plan. At June 30, 2017, 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	\$ 33,266	\$ 4,045
Changes in assumptions	26,284	-
Net difference between projected and actual earnings on pension plan investments	112,304	-
Changes in proportion and differences between Commission contributions and proportionate share contributions	12,162	53,653
Commission contributions subsequent to the measurement date	<u>64,779</u>	<u>-</u>
TOTAL	\$ <u>248,795</u>	\$ <u>57,698</u>

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 5 - RETIREMENT (Continued)

The deferred outflows of resources related to pensions totaling \$64,779 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, 2017. 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 <u>Ending June 30,</u>	Amount <u>Recognized</u>
2017	\$ 26,323
2018	\$ 26,323
2019	\$ 76,182
2020	\$ 52,138
2021	\$ 7,669
Thereafter	\$ 2,462

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	July 1, 2016
Measurement date	June 30, 2016
Discount rate	7.60%
Long-term expected rate return, net of investment expense	7.60%
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, 2016, 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, 2016, the long term expected rate of return was decreased from 7.65% to 7.60%, and the active member mortality assumption was updated.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

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 2016 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%	3.0%
Fixed Income	18%	4.6%
Global Equity	53%	6.8%
Real estate (property)	10%	5.8%
Private Equity	6%	7.8%
Strategic investments	12%	5.6%
TOTAL	<u>100%</u>	

**FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017**

NOTE 5 - RETIREMENT (Continued)

Sensitivity of the Commissions 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 FRS Pension Plan calculated using the discount rate of 7.60 percent. 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 (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate.

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
Commission's proportionate share of the FRS Pension Plan net pension liability, (asset)	\$ <u>799,879</u>	\$ <u>434,465</u>	\$ <u>130,306</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.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 5 - RETIREMENT (Continued)

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.

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, 2017, 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, 2017, the contribution rate was 1.66 percent 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 \$23,412 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resource Related to Pension - At June 30, 2017, the Commission reported a liability of \$385,054 for its proportionate share of the HIS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2016. At June 30, 2016, the Commission's proportionate share was 0.0033 percent, which was an increase of 0.0001 percent from its proportionate share measured as of June 30, 2015.

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

NOTE 5 - RETIREMENT (Continued)

For the year ended June 30, 2017, the Commission recognized pension expense of \$33,730 for the HIS Pension Plan. At June 30, 2017, 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes in assumptions	\$ 60,425	\$ 877
Net difference between projected and actual earnings on pension plan investments	195	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	23,900	23,938
Commission contributions subsequent to the measurement date	<u>19,743</u>	<u>-</u>
TOTAL	\$ <u>104,264</u>	\$ <u>24,815</u>

The deferred outflows of resources related to pensions totaling \$19,743 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, 2017. 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
2017	\$ 14,227
2018	\$ 14,227
2019	\$ 14,177
2020	\$ 14,154
2021	\$ 12,245
Thereafter	\$ 10,419

FLORIDA COMMISSION ON COMMUNITY SERVICE
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2017

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	July 1, 2016
Measurement date	June 30, 2016
Discount rate	2.85%
Long-term expected rate of return, net of investment expense	N/A
Municipal bond rate	2.85%
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 2.85% 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, 2017**

NOTE 5 - RETIREMENT (Continued)

Sensitivity of the District'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 2.85 percent. 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 (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

	<u>1% Decrease (1.85%)</u>	<u>Current Discount Rate (2.85%)</u>	<u>1% Increase (3.85%)</u>
Commission's proportionate share of the HIS Pension Plan net pension liability	\$ <u>441,744</u>	\$ <u>385,054</u>	\$ <u>338,004</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 \$199,506 and the bank balance was \$284,030. As of June 30, 2017 the account is insured in full under Florida Statue 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, 2017

	Governmental Fund			
	Special Revenue			
	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Federal grants	\$ 14,545,439	\$ 14,545,439	\$ 12,085,879	\$ (2,459,560)
Program matching contributions	10,216,359	10,216,359	9,520,704	(695,655)
State of Florida funds	1,283,133	1,283,133	1,455,570	172,437
	26,044,931	26,044,931	23,062,153	(2,982,778)
EXPENDITURES				
Current				
Volunteer Services:				
Sub-grantee transfers	13,211,326	13,287,826	10,993,825	2,294,001
Program matching expenditures	10,216,359	10,216,359	9,520,704	695,655
Personnel services	1,657,071	1,623,933	1,533,180	90,753
Operating expenses	897,640	952,934	957,230	(4,296)
TOTAL EXPENDITURES	25,982,396	26,081,052	23,004,939	3,076,113
EXCESS OF REVENUES OVER				
EXPENDITURES	\$ 62,535	\$ (36,121)	57,214	\$ 93,335
FUND BALANCE, BEGINNING OF YEAR			419,583	
FUND BALANCE, END OF YEAR			\$ 476,797	

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
2017	2016	0.0017%	\$ 434,465	\$ 1,410,349	30.81%	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
2017	2016	0.0033%	\$ 385,054	\$ 1,410,349	27.30%	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.

See independent auditors' report.

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

Fiscal Year Ending June 30,	FRS Contractually Required Contribution	FRS Contributions in Relation to the Contractually Required Contribution	FRS Contribution Deficiency (Excess)	Commission's Covered Employee Payroll	FRS Contributions as a Percentage of Covered Payroll
2017	\$ 82,505	\$ 82,505	-	\$ 1,410,349	5.85%
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 Contribution
Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan**

Fiscal Year Ending June 30,	HIS Contractually Required Contribution	HIS Contributions in Relation to the Contractually Required Contribution	HIS Contribution Deficiency (Excess)	Commission's Covered Employee Payroll	HIS Contributions as a Percentage of Covered Payroll
2017	\$ 23,412	\$ 23,412	-	\$ 1,410,349	1.66%
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.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017**

	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
<u>Federal Awards:</u>				
Corporation for National and Community Service:				
AmeriCorps - Competitive	94.006	15ACHFL002	\$ 3,720,463	\$ 3,720,463
AmeriCorps - Competitive	94.006	13WCHFL001	84,300	84,300
AmeriCorps - Competitive	94.006	15AFHFL001	4,991,300	4,913,114
AmeriCorps - Formula	94.006	14AFHFL001	2,915	2,915
AmeriCorps - Formula	94.006	12AFHFL001	11,484	11,484
AmeriCorps - Formula	94.006	16FXHFL001	1,286,236	1,286,236
			<u>10,096,698</u>	<u>10,018,512</u>
Training and Technical Assistance - Commission Investment Funds	94.009	16TAHFL001	79,720	-
Training and Technical Assistance - Regional Training Conferences	94.009	16TCHFL001	157,780	-
			<u>237,500</u>	<u>-</u>
State Commissions	94.003	16CAHFL001	783,804	-
Volunteer Generation Fund	94.021	14VGHFL001	422,398	297,934
Operation AmeriCorps	94.025	15ACHFL001	546,291	546,291
			<u>12,086,691</u>	<u>10,862,737</u>
Department of Homeland Security:				
Florida Division of Emergency Management	97.042	17-FG-4T-12-00- 01-209	172,402	172,402
Total Expenditures of Federal Awards			<u>\$ 12,259,093</u>	<u>\$ 11,035,139</u>

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Florida Commission on Community Service and is presented on the accrual basis of accounting. The information in this schedule 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. The Commission has not elected to use the 10 percent de minimis cost rate allowed under Uniform Guidance.

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

MEMBERS

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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.
ANN MARIE BACHMAN, C.P.A.
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, 2017, 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 10, 2018.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Thomson Black Legal Company

January 10, 2018

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

**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, 2017. 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.

Opinion on Each Major Federal Program

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 major federal programs for the year ended June 30, 2017.

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 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.

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 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. *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.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in black ink that reads "Thomson Block" followed by a stylized flourish.

January 10, 2018

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

PART A - SUMMARY OF AUDIT RESULTS

1. Type of Audit Report - The independent auditors' report expresses an unmodified opinion on the financial statements of the Florida Commission on Community Service.
2. Significant Deficiencies and Material Weaknesses - No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements of the Florida Commission on Community Service.
3. Material Noncompliance - No instances of non compliance material to the financial statements of the Florida Commission on Community Service were disclosed during the audit.
4. No Material Weaknesses or Significant Deficiencies in Internal Control over Federal programs disclosed relating to internal control and compliance over major Federal programs.
5. The auditors' report on compliance with requirements applicable to the major Federal award programs for the Florida Commission on Community Service expresses an unmodified opinion.
6. No audit findings in accordance with the Uniform Guidance, Section 2 CFR 200.51(a) related to the major Federal award programs for the Florida Commission on Community Service were required to be reported in this schedule.
7. The programs/projects tested as major programs/projects included the following:

- **Federal Programs**

	<u>Federal CFDA No.</u>
AmeriCorps	94.006
State Commissions	94.003

8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. Level of Risk - The Florida Commission on Community Service qualified as a high-risk auditee pursuant to the Uniform Guidance.

PART B - FINANCIAL STATEMENTS FINDINGS

NONE.

**FLORIDA COMMISSION ON COMMUNITY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017**

PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

NONE.

PART D - PRIOR YEAR FINDINGS FINANCIAL STATEMENTS

NONE.

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

Finding 2017-001 - Significant Deficiency - Overdraw of Federal Funds - CFDA #94.006, Federal Award #12AFHFL001

Status: This finding has been resolved.

Finding 2017-002 - Significant Deficiency - Administrative Draw of Federal Funds not Applied to Expenditures in Period of Availability - CFDA #94.006 - Federal Award #12ACHFL 001

Status: This finding has been resolved.