ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

JUNE 30, 2018

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
TABLE OF CONTENTS
JUNE 30, 2018

	Page(s)
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 6
Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Balance Sheet – Governmental Fund	9
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities – Governmental Fund	12
Budgetary Comparison Statement – General Fund	13
Notes to Financial Statements	14 – 19
Additional Information	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with *Government Auditing Standards*	20 – 21
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	22 – 23
Schedule of Expenditures of Federal Awards	24 –25
Schedule of Findings and Questioned Costs	26

W CLARK & ASSOCIATES, LLC
Certified Public Accountants
1901 Mason Avenue - Suite 107
Daytona Beach, Florida 32117

(386) 274-5007
FAX: (386) 274-5995

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Alachua Bradford Local Workforce Development Board
D/B/A CareerSource North Central Florida
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida (the Board), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board'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 Standard*, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida as of June 30, 2018 and the respective changes in financial position thereof, and the budgetary comparison for the General Fund 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 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board'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* 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 relates 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

W Clark & Associates

W Clark & Associates, LLC
Daytona Beach, Florida
November 26, 2018

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

This discussion and analysis of the Alachua Bradford Local Workforce Development Board d/b/a CareerSource North Central Florida (the Board) provides an overview of the Board's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Board's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2018:

- The Board's overall net position decreased by $2,592.
- Total ending unrestricted net position was $17,015.
- The Board had total expenses for the year of $7,827,748 compared to revenues of $7,825,156.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

These basic statements consist of government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present an overall picture of the Organization's financial position and results of operations. The fund financial statements present financial information for the General Fund of the Organization. The notes to the financial statements provide additional information concerning the Organization's finances that are not disclosed in the government-wide or fund financial statements.

Government-Wide Financial Statements

All of the activities of the Organization are considered to be governmental activities. The Organization has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

The *government-wide financial statements* provide both long-term and short-term information about the overall financial status of the Organization. These statements use a format similar to a private sector business and are presented on the accrual basis. They include a statement of net position and a statement of activities.

The first financial statement is the Statement of Net Position. This statement includes all of the Board's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Board's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year ended June 30, 2018. Over time, the increases or decreases in net position are useful indicators of whether the Board's financial health is improving or deteriorating. However, other non-financial factors, such as changes in state funding, must also be considered when assessing the overall health of the Board.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Board's fund.

- General Fund – This fund is accounted for using the modified accrual basis of accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the Board's financial position. A reconciliation is provided with this statement, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

The Board maintains one individual governmental fund. The General Fund is considered to be a major fund and, accordingly, is separately displayed.

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net assets and changes in net position.

Net Position

	2018 Governmental Activities	2017 Governmental Activities
Assets		
Non-capital assets	$ 498,587	$ 982,530
Capital assets, net	17,038	19,886
Total assets	515,625	1,002,416
Liabilities		
Current liabilities	481,572	965,771
Net position		
Invested in capital assets	17,038	19,886
Unrestricted	17,015	16,759
Total Net Position	$ 34,053	$ 36,645

Change in Net Position

	2018 Governmental Activities	2017 Governmental Activities
Program revenues		
Operating grants & contributions		
Temporary Assistance for Needy Families	$ 981,494	$ 982,264
Workforce Investment Act	2,599,221	2,747,723
STEM Ready (H-1B)	2,434,601	4,391,134
Opportunity Quest (H-1B)	1,258,175	290,945
Other Workforce Related Grants	550,140	517,608
Other Program Income	1,525	12,294
Total program revenues	7,825,156	8,941,968
Total revenues	7,825,156	8,941,968

Change in Net Position
(Continued)

	2018 Governmental Activities	2017 Governmental Activities
Program expenses		
Administration	$ 496,818	$ 610,125
Programs	7,330,930	8,331,609
Total program expenses	7,827,748	8,941,734
Change in net position	(2,592)	234
Beginning net position	36,645	36,411
Ending net position	$ 34,053	$ 36,645

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated $7,825,156 in program revenues and incurred $7,827,748 of program expenses. This resulted in a $2,592 decrease in net position.

THE BOARD'S INDIVIDUAL FUND

General Fund

The General Fund receives substantially all of its funding under cost reimbursement contracts. This means that revenues will generally equal expenditures. The fund balance represents nonspendable amounts associated with prepaid items and inventory, as well as program revenues and unassigned funds to be expended in subsequent years.

BUDGETARY HIGHLIGHTS

The Board adopts an annual appropriated budget for the governmental fund. A budgetary comparison statement is provided for the General Fund in order to present budgetary compliance. Total budgeted expenditures in the final amended General Fund budget were $578,554 less than in the original budget. The decreased amounts were the result of the decreases in several operating grants. The amounts budgeted for were not received and expended by the end of the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Board's capital assets consist primarily of office equipment needed to support the CareerSource Centers in its region. This office equipment is comprised mainly of computers and communication equipment.

The disposal of equipment is done with Board authorization usually at the recommendation of the asset custodian. The custodian recommends the disposal of equipment that is no longer performing a useful function. The custodian evaluates the cost of the equipment repairs versus the cost of the equipment replacement. If possible, the Board donates to other agencies furniture and equipment that it can no longer use.

Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the Board's capital asset activity.

ECONOMIC FACTORS

The Board's revenues came from federal grants that pass through the Department of Economic Opportunity as well as the Department of Labor. Anything that could influence Federal and State appropriations of these funds will have a direct impact on the Board.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Frank Avery, Board Executive Director, 10 NW 6th Street, Gainesville, Florida 32601.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 115,174
Grants receivable	309,938
Accounts receivable	50
Inventory	11,480
Prepaid expenses	41,945
Deposits	20,000
Depreciable capital assets, net	17,038
Total Assets	515,625
LIABILITIES	
Accounts payable	426,205
Unearned revenue	55,367
Total Liabilities	481,572
NET POSITION	
Net investment in capital assets	17,038
Unrestricted	17,015
Total Net Position	$ 34,053

The accompanying notes to financial statements
are an integral part of this statement.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
STATEMENT OF ACTIVITIES
FOR THE EYAR ENDED JUNE 30, 2018

Governmental Activities Functions/Programs	Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Economic environment			
Administration	$ 496,818	$ 496,818	$ -
Programs	7,330,930	7,328,338	(2,592)
Total	$ 7,827,748	$ 7,825,156	(2,592)
Net position, beginning of year			36,645
Net position, end of year			$ 34,053

The accompanying notes to financial statements
are an integral part of this statement.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2018

	General Fund
ASSETS	
Cash and cash equivalents	$ 115,174
Grants receivable	309,938
Accounts receivable	50
Inventory	11,480
Prepaid expenses	41,945
Deposits	20,000
Total Assets	$ 498,587
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	$ 426,205
Unearned revenue	55,367
Total Liabilities	481,572
Fund balance	
Nonspendable	53,425
Unassigned	(36,410)
Total fund balance	17,015
Total Liabilities and Fund Balance	$ 498,587

The accompanying notes to financial statements
are an integral part of this statement.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
JUNE 30, 2018

Fund Balance - Governmental Fund	$	17,015
Amounts reported for Governmental Activities in the Statement of Net position are different because:		
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds		17,038
Net position of Governmental Activities	$	34,053

The accompanying notes to financial statements
are an integral part of this statement.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund
Revenues	
Intergovernmental	
Federal grants	$ 7,823,631
Program revenue and other	1,525
Total revenues	7,825,156
Expenditures	
Current	
Economic environment	
Administration	496,818
Programs	7,328,082
Total expenditures	7,824,900
Net change in fund balance	256
Fund balance, beginning of year	16,759
Fund balance, end of year	$ 17,015

The accompanying notes to financial statements
are an integral part of this statement.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balance - Governmental Fund	$	256
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
The Governmental Fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(2,848)
Change in Net Position of Governmental Activities	$	(2,592)

The accompanying notes to financial statements are an integral part of this statement.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
BUGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
Revenue (inflows)				
Temporary Assistance for Needy Families	$ 801,494	$ 981,494	$ 981,494	$ -
Workforce Innovation and Opportunity Act	3,146,593	3,466,755	2,599,221	(867,534)
Employment services	312,641	372,855	281,338	(91,517)
Unemployment insurance	21,336	46,594	38,943	(7,651)
North American Free Trade Agreement	213,938	209,585	24,667	(184,918)
Supplemental Nutrition Assistance Program	158,084	256,724	205,192	(51,532)
STEM Ready	3,845,414	2,640,000	2,434,601	(205,399)
Opportunity Quest	3,761,935	3,708,874	1,258,175	(2,450,699)
Interest Income	-	-	165	165
Projected Incentives	32,578	32,578	-	(32,578)
Unrestricted revenue	20,000	20,000	1,360	(18,640)
Total revenues	12,314,013	11,735,459	7,825,156	(3,910,303)
Expenditures (outflows)				
Administration	739,186	762,357	496,818	265,539
Program service	11,574,827	10,973,102	7,328,082	3,645,020
Total expenditures	12,314,013	11,735,459	7,824,900	3,910,559
Excess (deficiency) of revenues over expenses	-	-	256	256
Fund balance, beginning of year	16,759	16,759	16,759	-
Fund balance, ending of year	$ 16,759	$ 16,759	$ 17,015	$ 256

The accompanying notes to financial statements
are an integral part of this statement.

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of the Alachua Bradford Local Workforce Development Board d/b/a CareerSource North Central Florida (the Board), which affect significant elements of the financial statements:

(a) **Reporting entity**—The Board d/b/a CareerSource North Central Florida operates the CareerSource Centers located in Alachua and Bradford counties in north central Florida. The general operating authority of the Board is contained in Sections 495.004 and 445.007, Florida Statutes. The State of Florida established the Alachua Bradford Local Workforce Development Board and other regional Workforce boards throughout the state, pursuant to the authority of the Federal Workforce Investment Act of 1998, superseded by the Workforce Innovation and Opportunity Act of 2014 (WIOA), and the state Workforce Innovation Act of 2000. These local boards are charged with the responsibility of setting policy for workforce investment within their respective regions.

Other functions of regional boards include the development of a local strategic plan, the designation and oversight of a one-stop delivery system, the promotion of private sector participation in the state's workforce investment system, and the development of a budget to carry out the duties of the board.

Criteria for determining if other entities are potential component units of the Board which should be reported with the Board's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting Financial Reporting Standards,* Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Board.

(b) **Reporting model**—The Board follows GASB *Codification of Governmental Accounting Financial Reporting Standards,* Section 2100.

(c) **Government-wide financial statements**—The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Board. Governmental activities are reported separately from business type activities, which rely on fees charged to external parties as their primary revenues. The Board has no business-type activities.

The Statement of Net Position reports the Board's financial position as of the end of the fiscal year. In this statement, the Board's net position is reported in three categories: invested in capital assets, unrestricted net position, and restricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include (1) charges for services that are directly related to a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Fund financial statements**—The financial transactions of the Board are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental fund.

The following fund is used by the Board:

Governmental Fund

General Fund—The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those associated with grants that are restricted to specified uses.

In the accompanying fund financial statements, the General Fund is considered to be a major fund, and therefore, is separately displayed.

(e) **Measurement focus and basis of accounting**—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 timing of related cash flows.

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 Board 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 the related liability is incurred.

Most revenues are considered to be susceptible to accrual and have been recognized in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

(f) **Cash and cash equivalents**—The institution in which the Board's monies are deposited is certified as a "Qualified Public Depository," as required under the Florida Security for Public Deposits Act. This law requires every qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of an amount to be determined by the State Treasurer and requires the State Treasurer to ensure that funds are entirely collateralized by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance.

(g) **Grants and accounts receivable**—Grants and accounts receivable consist of amounts due from grantor agencies and subrecipients for reimbursement of expenditures under various programs as of June 30, 2018. All amounts are expected to be collected within the next year.

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Capital assets and depreciation**—Capital assets are defined by the Board as assets with an initial individual cost of $1,000 or more and an estimated useful life of more than one year. The Board increased the capitalization threshold to $5,000 effective July 21, 2015. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Depreciable capital assets are depreciated using the straight-line method over estimated useful lives of five to 40 years. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of $5,000 or more and an estimated useful life of at least one year.

(i) **Unearned revenue**—Unearned revenue is comprised of amounts received from grantor agencies by the Board prior to meeting the revenue recognition criteria. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. In subsequent periods, when the revenue recognition criteria have been met, the liability for unearned revenue is reduced and revenue is recognized. At the end of the current fiscal year, unearned revenue was $55,367.

(j) **Prepaid expenses**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements.

(k) **Inventory**—Inventory consists of prepaid gas and gift cards and is recorded at cost in both the government-wide and fund financial statements. The cost is recorded as an expenditure when the prepaid gas and gift cards are distributed rather than when purchased.

(l) **Indirect costs**—The Board receives funds from several sources. Accordingly, indirect administrative and program support costs are allocated between the various programs in the following manner: indirect administrative costs and indirect program support costs are charged to either an administrative or program cost pool and allocated to all programs based on each program's direct program costs. Indirect occupancy costs are charged to various funding sources or indirect cost pools based on participant activities determined by monthly Service Provider Activity Records (SPARs) which are compiled directly from the State systems.

(m) **Revenue sources**—Generally, revenue is received from the State of Florida Department of Economic Opportunity and the U.S. Department of Labor and is earned on a cost reimbursement basis.

(n) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

(1) **Summary of Significant Accounting Policies:** (Continued)

(o) **Budgets and budgetary process**—The Board adopts an annual operating budget, which can be amended throughout the year. For each of the funds for which a formal budget is adopted the modified accrual basis of accounting is used to reflect revenues and expenditures. The fund financial statements are also prepared using a modified accrual basis of accounting.

(p) **Subsequent events**—The Board has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 26, 2018, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(q) **Fund Balance**—The Board follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. All amounts reported as nonspendable by the Board at June 30, 2018 are in nonspendable form.

Restricted fund balance—includes amounts restricted by external sources or by constitutional provision or by enabling legislation.

Unassigned fund balance—includes amounts that have not been assigned, committed, or restricted within the General fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Board considers restricted funds to have been spent first.

(r) **Future accounting pronouncements**—GASB issued Statement No. 87, Leases, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after December 15, 2019. The Board is currently evaluating the impact this statement will have on its financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. The details of these differences are explained in the above referenced financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:** (Continued)

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balance, there is a reconciliation between *net change in fund balance – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. The details of these differences are explained in the above referenced financial statements.

(3) **Capital Assets and Depreciation:**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities				
Capital assets				
Office equipment	$ 180,380	$ -	$ -	$ 180,380
Leasehold improvements	19,937	-	-	19,937
Total capital assets	200,317	-	-	200,317
Accumulated depreciation				
Office equipment	175,950	1,131	-	177,081
Leasehold improvements	4,481	1,717	-	6,198
Total accumulated depreciation	180,431	2,848	-	183,279
Net capital assets	$ 19,886	$ 2,848	$	$ 17,038

Depreciation was charged to functions/programs as follows:

Economic Environment/Programs	$ 2,848

(4) **Risk Management Programs:**

Insurance coverage is being provided through purchased commercial insurance. Settled claims (if any) resulting from these risks have not exceeded commercial coverage in the past three years.

(5) **Related Party Transactions:**

The Board entered into two contracts with a service provider who has a board member who also serves as a member of the Board. The Board members declared a conflict of interest and the contract was approved by a two-thirds majority vote of the remaining members. The Board recognized $418,751 of expenditures on these contracts for the year. Amounts due to related parties at June 30, 2018 totaled $18,333 and have been included in accounts payable in the accompanying financial statements.

(6) **Leases:**

The Board is party to several operating leases with monthly lease payments totaling $25,227 per month. The leased locations are for office space varying from approximately 1,600 square feet to 31,000 square feet. All leases, except for one, are for an indefinite term and can be cancelled within 30 days' notice. During 2015, the Board entered into one lease for a term of 60 months that commenced July 2015. The monthly lease payment for this lease totals $22,477 per month. The total rents paid on each lease during the fiscal year ended June 30, 2018 were:

NW 6th Street, Gainesville	$	265,680
817 South Walnut Street, Starke		13,200
819 South Walnut Street, Starke		19,800
	$	298,680

(7) **Due From Grantors and Significant Funding Source:**

(a) **Due from grantors**—The majority of the Board's receivables are for amounts due under contracts with the State of Florida and Federal government agencies. The Board has no policy requiring collateral or other security to support its receivables. The balance of these receivables at June 30, 2018 was $309,938.

(b) **Significant funding source**—The Board received approximately 99 percent of its funding for the year ended June 30, 2018 either directly from the United States Department of Labor, or from the United States Department of Health and Human Services and the United States Department of Agriculture which are passed through the State of Florida Department of Economic Opportunity. If a significant reduction in the level of this funding were to occur, it could have an adverse effect on the Board's programs and activities.

(8) **Contingencies:**

Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits the claims for reimbursement to the grantor would become a liability of the Board. In the opinion of management, any such adjustments would not be significant.

(9) **Reconciliation of Financial Records to the One Stop Management Information System (OSMIS) and Subrecipient Enterprise Resource Application (SERA):**

The Board has completed reconciliations of its financial records to OSMIS and SERA for the fiscal year ended June 30, 2018. The reconciliations were performed in a satisfactory manner.

ADDITIONAL INFORMATION

W CLARK & ASSOCIATES, LLC
Certified Public Accountants
1901 Mason Avenue - Suite 107
Daytona Beach, Florida 32117

(386) 274-5007
FAX: (386) 274-5995

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

To The Board of Directors
Alachua Bradford Local Workforce Development Board
D/B/A CareerSource North Central Florida
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida's (the "Board"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

W Clark & Associates

W Clark & Associates, LLC
November 26, 2018

W CLARK & ASSOCIATES, LLC
Certified Public Accountants
1901 Mason Avenue - Suite 107
Daytona Beach, Florida 32117

(386) 274-5007
FAX: (386) 274-5995

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

To The Board of Directors
Alachua Bradford Local Workforce Development Board
D/B/A CareerSource North Central Florida
Gainesville, Florida

Report on Compliance for Each Major Federal Program Compliance

We have audited Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida's (the "Board") 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 Board's major federal programs for the year ended June 30, 2018. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board'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 Board'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 Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board 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, 2018.

Report on Internal Control Over Compliance

Management of the Board 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 Board'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 over compliance in accordance with the Uniform Guidance, 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 Board'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 first paragraph of this section 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 over compliance 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.

W Clark & Associates

W Clark & Associates, LLC
November 26, 2018

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through to Subrecipients	Expenditures
Federal Awards			
Department of Labor			
H-1B Job Training Grants	17.268	$ 342,194	$ 3,692,776
Passed through - State of Florida Department of Economic Opportunity			
Department of Labor			
Employment Training Administration			
Employment Service/Wagner-Peyser Funded Activities	17.207	88,791	207,128
Disabled Veterans' Outreach Program	17.801	17,901	49,014
Local Veterans' Employment Representative Program	17.804	11,757	25,196
Total Employment Training Administration Cluster		118,449	281,338
Unemployment Insurance	17.225	21,692	38,943
Trade Adjustment Assistance	17.245	4,644	24,667
Workforce Innovation and Opportunity Act (WIOA)			
WIOA Adult Program	17.258	162,427	565,963
WIOA Youth Activities	17.259	589,915	1,457,670
WIOA Dislocated Worker Formula Grants	17.278	115,095	575,588
Total Workforce Investment Act Cluster		867,437	2,599,221
Total Department of Labor		1,354,416	6,636,945
Department of Agriculture Food and Nutrition Service			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	57,519	205,192
Total Department of Agriculture Food and Nutrition Service		57,519	205,192
Department of Health and Human Services			
Temporary Assistance for Needy Families (TANF)	93.558	317,446	981,494
Total Department of Health and Human Services		317,446	981,494
Total Expenditures of Federal Awards		$ 1,729,381	$ 7,823,631

(1) Basis of Presentation and Significant Accounting Policies:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Alachua Bradford Local Workforce Development Board (the Board) and is presented on the modified accrual basis of accounting. The information in the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The Board has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

There were no awards expended in the form of non-cash assistance, insurance, or loan or loan guarantees during the year ended June 30, 2018.

(2) Contingencies:

Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits the claims for reimbursement to the grantor agency would become a liability of the Board. In the opinion of management, any such adjustment would not be significant.

(3) Pass-Through Awards:

The Board receives certain federal awards from pass-through awards from the state. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards.

(4) Subrecipients:

The Board has obtained and acted upon required subrecipient audit reports and these reports meet 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). The audit reports have been submitted within the required time frames and audit findings have been addressed within six months.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITORS' RESULTS:

1) The auditors' report expresses an unmodified opinion on whether the financial statements of Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida were prepared in accordance with GAAP.

2) No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on the 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*.

3) No instances of noncompliance material to the financial statements of Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida were disclosed during the audit.

4) No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance required by the Uniform Guidance.

5) The auditors' report on compliance for the major federal award programs for Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida expresses an unmodified opinion on all major programs.

6) Audit findings that are required to be reported in accordance with 2CFR section 200.516(a) are reported in this schedule.

7) Programs tested as major programs were:
   a) H-1B Job Training Grants
   b) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

8) The threshold for distinguishing between Type A and B programs was $750,000.

9) Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT:

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

No matters were reported.