

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

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

JUNE 30, 2019

**ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
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INDEPENDENT AUDITORS' REPORT

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

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, 2019 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 Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 the Board as of June 30, 2019, 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 management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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* (Uniform Guidance), 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 December 16, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Carr, Rigg & Morgan, L.L.C.

St. Augustine, Florida
December 16, 2022

**ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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, 2019. Please read it in conjunction with the Board's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2019:

- The Board's overall net position decreased by \$2,810.
- Total ending unrestricted net position was \$17,053.
- The Board had total expenses for the year of \$6,750,287 compared to revenues of \$6,747,477.

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 Board's financial position and results of operations. The fund financial statements present financial information for the General Fund of the Board. The notes to the financial statements provide additional information concerning the Board's finances that are not disclosed in the government-wide or fund financial statements.

Government-Wide Financial Statements

All of the activities of the Board are considered to be governmental activities. The Board 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 Board. 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, 2019. 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.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019
(Continued)

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

	2019	2018
	Governmental Activities	Governmental Activities
Assets		
Non-capital assets	\$ 717,457	\$ 498,587
Capital assets, net	14,190	17,038
Total assets	<u>731,647</u>	<u>515,625</u>
Liabilities		
Current liabilities	<u>700,404</u>	<u>481,572</u>
Net position		
Invested in capital assets	14,190	17,038
Unrestricted	<u>17,053</u>	<u>17,015</u>
Total Net Position	<u>\$ 31,243</u>	<u>\$ 34,053</u>

Change in Net Position

	2019	2018
	Governmental Activities	Governmental Activities
Program revenues		
Operating grants & contributions		
Temporary Assistance for Needy Families	\$ 1,051,494	\$ 981,494
Workforce Innovation and Opportunity Act	3,235,286	2,599,221
STEM Ready (H-1B)	205,479	2,434,601
Opportunity Quest (H-1B)	1,468,890	1,258,175
Other Workforce Related Grants	785,674	550,140
Other Program Income	654	1,525
Total program revenues	<u>6,747,477</u>	<u>7,825,156</u>
Total revenues	<u>6,747,477</u>	<u>7,825,156</u>

**ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019
(Continued)**

**Change in Net Position
(Continued)**

	<u>2019</u>	<u>2018</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Program expenses		
Administration	\$ 646,029	\$ 496,818
Programs	6,104,258	7,330,930
Total program expenses	<u>6,750,287</u>	<u>7,827,748</u>
Change in net position	<u>(2,810)</u>	<u>(2,592)</u>
Beginning net position	34,053	36,645
Ending net position	<u><u>\$ 31,243</u></u>	<u><u>\$ 34,053</u></u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$6,747,477 in program revenues and incurred \$6,750,287 of program expenses. This resulted in a \$2,810 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 \$457,214 more than in the original budget. The increased amounts were the result of the increases in several operating grants. The amounts budgeted for were not received and expended by the end of the fiscal year.

**ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2019
(Continued)**

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 Phyllis Marty, Chief Executive Officer, 1112 N Main St, Gainesville, Florida 32601.

**ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 62,265
Grants receivable	603,865
Accounts receivable	75
Inventory	5,470
Prepaid expenses	45,682
Deposits	100
Depreciable capital assets, net	<u>14,190</u>
Total Assets	<u><u>731,647</u></u>
<u>LIABILITIES</u>	
Accounts payable & accrued expenses	656,031
Unearned revenue	<u>44,373</u>
Total Liabilities	<u><u>700,404</u></u>
<u>NET POSITION</u>	
Net investment in capital assets	14,190
Unrestricted	<u>17,053</u>
Total Net Position	<u><u>\$ 31,243</u></u>

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, 2019**

Governmental Activities Functions/Programs	Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Economic environment			
Administration	\$ 646,029	\$ 646,029	\$ -
Programs	<u>6,104,258</u>	<u>6,101,448</u>	<u>(2,810)</u>
Total	<u><u>\$ 6,750,287</u></u>	<u><u>\$ 6,747,477</u></u>	<u>(2,810)</u>
Net position, beginning of year			34,053
Net position, end of year			<u><u>\$ 31,243</u></u>

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, 2019**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 62,265
Grants receivable	603,865
Accounts receivable	75
Inventory	5,470
Prepaid expenses	45,682
Deposits	100
Total Assets	<u>\$ 717,457</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Accounts payable & accrued expenses	\$ 656,031
Unearned revenue	44,373
Total Liabilities	<u>700,404</u>
Fund balance	
Nonspendable	51,152
Unassigned	(34,099)
Total fund balance	<u>17,053</u>
Total Liabilities and Fund Balance	<u>\$ 717,457</u>

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, 2019**

Fund Balance - Governmental Fund	\$ 17,053
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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	14,190
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Net position of Governmental Activities	\$ 31,243
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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, 2019**

	<u>General Fund</u>
<u>Revenues</u>	
Intergovernmental	
Federal grants	\$ 6,746,823
Program revenue and other	<u>654</u>
Total revenues	<u><u>6,747,477</u></u>
<u>Expenditures</u>	
Current	
Economic environment	
Administration	646,029
Programs	<u>6,101,410</u>
Total expenditures	<u><u>6,747,439</u></u>
Net change in fund balance	<u>38</u>
Fund balance, beginning of year	17,015
Fund balance, end of year	<u><u>\$ 17,053</u></u>

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, 2019**

Net change in fund balance - Governmental Fund	\$	38
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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)
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Change in Net Position of Governmental Activities	<u>\$</u>	<u>(2,810)</u>
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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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue (inflows)				
Temporary Assistance for Needy Families	\$ 801,494	\$ 1,051,494	\$ 1,051,494	\$ -
Workforce Innovation and Opportunity Act	3,778,390	3,682,586	3,235,286	(447,300)
Employment services	307,710	397,168	374,732	(22,436)
Unemployment insurance	17,423	61,176	46,715	(14,461)
North American Free Trade Agreement	189,534	171,261	28,426	(142,835)
Supplemental Nutrition Assistance Program	349,872	370,181	335,801	(34,380)
STEM Ready	-	205,479	205,479	-
Opportunity Quest	2,778,363	2,450,699	1,468,890	(981,809)
Interest Income	-	-	129	129
Projected Incentives	-	69,659	-	(69,659)
Unrestricted revenue	20,000	40,000	525	(39,475)
Total revenues	<u>8,242,786</u>	<u>8,499,703</u>	<u>6,747,477</u>	<u>(1,752,226)</u>
Expenditures (outflows)				
Administration	858,686	859,520	646,029	213,491
Program service	<u>7,384,100</u>	<u>7,640,183</u>	<u>6,101,410</u>	<u>1,538,773</u>
Total expenditures	<u>8,242,786</u>	<u>8,499,703</u>	<u>6,747,439</u>	<u>1,752,264</u>
Excess (deficiency) of revenues over expenses	<u>-</u>	<u>-</u>	<u>38</u>	<u>38</u>
Fund balance, beginning of year	17,015	17,015	17,015	-
Fund balance, ending of year	<u>\$ 17,015</u>	<u>\$ 17,015</u>	<u>\$ 17,053</u>	<u>\$ 38</u>

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(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.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(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, 2019. All amounts are expected to be collected within the next year.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(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 \$44,373.

(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 costs 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.

ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(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 December 16, 2022, 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, 2019 are in nonspendable form.

Restricted fund balance—includes amounts restricted by external sources or by constitutional provision or by enabling legislation. There is no restricted fund balance at June 30, 2019.

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 June 15, 2021. 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.

**ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

(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, 2019 was as follows:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
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	177,081	1,131	-	178,212
Leasehold improvements	6,198	1,717	-	7,915
Total accumulated depreciation	183,279	2,848	-	186,127
Net capital assets	<u>\$ 17,038</u>	<u>\$ 2,848</u>	<u>\$ -</u>	<u>\$ 14,190</u>

Depreciation was charged to functions/programs as follows:

Economic Environment/Programs	<u>\$ 2,848</u>
-------------------------------	-----------------

(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 \$510,000 of expenditures on these contracts for the year. Amounts due to related parties at June 30, 2019 totaled \$15,826 and have been included in accounts payable in the accompanying financial statements.

**ALACHUA BRADFORD LOCAL WORKFORCE DEVELOPMENT BOARD
D/B/A CAREERSOURCE NORTH CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

(6) Leases:

The Board is party to several operating leases with monthly lease payments totaling \$27,170 per month. The leased locations are for office space varying from approximately 1,600 square feet to 31,000 square feet. 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. During 2019, the Board entered into another lease for a term of 36 months that commenced May 2019. Both of these leases are cancellable at any point in time and the Board has no future obligations at the time of the termination. The monthly lease payment for this lease totals \$912. The total rents paid on the leases during the fiscal year ended June 30, 2019 was \$314,852.

(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, 2019 was \$603,865.

(b) **Significant funding source**—The Board received approximately 95 percent of its funding for the year ended June 30, 2019 directly from the United States Department of Labor and the United States Department of Health and Human Services, which were 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) Subsequent Events:

As the result of a monitoring of financial compliance, the Florida Department of Economic Opportunity (DEO) issued a letter dated April 4, 2022 to the Board identifying questioned costs of \$872,814 to be returned to the DEO. As a result of the noncompliance noted, Alachua County assumed the operations of the Board into a separate fund of the County. Alachua County repaid the disallowed costs to the DEO and implemented corrective actions to satisfy the DEO.

ADDITIONAL INFORMATION

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 (the "Board"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 16, 2022.

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 over financial reporting 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 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 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.

Carr, Rigg & Ingram, L.L.C.

St. Augustine, Florida
December 16, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROLS 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 and State Project

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 its major federal program for the year ended June 30, 2019. The Board's major federal program is 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 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 the Board's major federal program 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 the 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 the major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Basis for Qualified Opinion on CFDA 17.258, 17.259, and 17.278 Workforce Innovation and Opportunity Act

As described in the accompanying schedule of findings and questioned costs, the Board did not comply with requirements regarding CFDA 17.258, 17.259, 17.278 Workforce Innovation and Opportunity Act as described in finding number 2019-001 for Allowable Activities. Compliance with such requirements is necessary, in our opinion, for the Board to comply with the requirements applicable to that project.

Qualified Opinion on CFDA 17.258, 17.259, and 17.278 Workforce Innovation and Opportunity Act

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 CFDA 17.258, 17.259, 17.278 Workforce Innovation and Opportunity Act for the year ended June 30, 2019.

Other Matters

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

Another instance of material noncompliance identified in our audit is described in the accompanying schedule of findings and questioned costs as 2019-002. Our opinion on the major program is not modified with regard to this finding. The Board's response to the noncompliance finding is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

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

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

Carr, Rigg & Ingram, L.L.C.

St. Augustine, Florida
December 16, 2022

**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, 2019**

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	\$ 488,611	\$ 1,674,369
Passed through - State of Florida Department of Economic Opportunity			
Department of Labor			
Employment Training Administration			
Employment Service/Wagner-Peyser Funded Activities	17.207	96,511	266,535
Jobs for Veterans State Grants	17.801	29,553	72,622
Local Veterans' Employment Representative Program	17.804	16,678	35,575
Total Employment Training Administration Cluster		142,742	374,732
Unemployment Insurance	17.225	20,023	46,715
Trade Adjustment Assistance	17.245	3,315	28,426
Workforce Innovation and Opportunity Act (WIOA)			
WIOA Adult Program	17.258	214,424	799,448
WIOA Youth Activities	17.259	283,787	1,333,579
WIOA Dislocated Worker Formula Grants	17.278	170,817	571,191
Total WIOA Cluster		669,028	2,704,218
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	16,778	403,456
Hurricanes and Wildfires of 2017 Supplemental- National Dislocated Worker Grants	17.286	3,136	127,612
Total Department of Labor		688,942	3,235,286
Department of Agriculture Food and Nutrition Service			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	137,981	335,801
Department of Health and Human Services			
Temporary Assistance for Needy Families (TANF)	93.558	301,575	1,051,494
Total TANF Cluster		301,575	1,051,494
Total Expenditures of Federal Awards		\$ 1,783,189	\$ 6,746,823

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, 2019
(Continued)

(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 Regional Workforce 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 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, 2019.

(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

PART I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| 1. Type of auditors' report issued on compliance for major program: | |
| a. CFDA 17.258, 17.259, 17.278 Workforce Innovation and Opportunity Act | Qualified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified (not considered material weaknesses)? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes |
| 4. Identification of major programs: | |
| <u>CFDA Number</u>
17.258, 17.259, 17.278 | <u>Federal Program</u>
Workforce Innovation and Opportunity Act (WIOA) |
| 5. Dollar threshold used to distinguish between type A and type B Federal programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | Yes |

PART II – FINANCIAL STATEMENT FINDINGS

NONE

PART III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

2019-001 *Federal Award Allowable Activities Requirement*

Workforce Innovation and Opportunity Act – CFDA 17.258, 17.259, 17.278

**Alachua Bradford Local Workforce Development Board D/B/A CareerSource
North Central Florida**

Schedule of Findings and Questioned Costs

Contract RWB09 US Dept of Labor passed through Florida Dept of Economic Opportunity
Contract year July 1, 2018 – June 30, 2020

Questioned costs – Known questioned costs of \$205,413 were computed based on an allocation of costs across programs administered by the 3rd party grant administrator.

Criteria: Uniform Guidance 200.303(a) requires the non-Federal entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Internal controls did not detect and prevent the funding of activities related to the subrecipient contract with the 3rd party grant administrator.

Condition: The Board was unable to support the allowability of the activity of the subrecipient payments to the 3rd party grant administrator.

Cause: The Board evaluated the contract with the grant administrator, but improperly deemed the activities allowable.

Effect: Noncompliance with the allowable activities grant requirement.

Recommendation: We recommend reviewing contractual relationships with potential future subrecipients to ensure activities performed are allowable.

Views of responsible officials: See accompanying corrective action plan.

2019-002 *Federal Award Known Questioned Costs*

Temporary Assistance for Needy Families – CFDA 93.558
Contract G-1801FLTANF US Dept of Health and Human Services
Contract year July 1, 2018 – June 30, 2019

Questioned costs – Known questioned costs of \$94,818 were computed based on an allocation of costs across programs administered by the 3rd party grant administrator.

Criteria: Uniform Guidance 200.303(a) requires the non-Federal entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Internal controls did not detect and prevent the subrecipient contract with the 3rd party grant administrator, which was deemed to not satisfy certain compliance requirements of the award.

Condition: The subrecipient contract for the 3rd party grant administrator did not satisfy certain compliance requirements of the award.

Cause: The Board evaluated the contract with the grant administrator, but improperly determined that it satisfied all compliance requirements of the award.

**Alachua Bradford Local Workforce Development Board D/B/A CareerSource
North Central Florida**

Schedule of Findings and Questioned Costs

Effect: Noncompliance with certain compliance requirements of the award.

Recommendation: We recommend reviewing contractual relationships with potential future subrecipients to ensure all compliance requirements of the award are met.

Views of responsible officials: See accompanying corrective action plan.

PART IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

NONE



Alachua Bradford Local Workforce Development Board D/B/A CareerSource North Central Florida

Corrective Action Plan

PART III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

2019-001 *Federal Award Allowable Activities Requirement*

Workforce Innovation and Opportunity Act – CFDA 17.258, 17.259, 17.278

Contract RWB09 US Dept of Labor passed through Florida Dept of Economic Opportunity (DEO)

Contract year July 1, 2018 – June 30, 2020

Questioned costs –DEO questioned costs of \$205,413 based on an allocation of costs across programs administered by the 3rd party grant administrator.

Criteria: Uniform Guidance 200.303(a) requires the non-Federal entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Improper application of the regulations resulted in funding of unallowable activities related to the subrecipient contract with the 3rd party grant administrator.

Condition: The Board was unable to support the allowability of the activity of the subrecipient payments to the 3rd party grant administrator.

Cause: The Board evaluated the contract with the grant administrator, but improperly deemed the activities allowable.

Effect: Noncompliance with the allowable activities grant requirement.

Recommendation: This finding has been resolved the 3rd party contract has been terminated. The county is serving as the fiscal agent and follows proper fiscal internal controls.

Corrective Action: Without agreeing with or disputing the DEO determination that FMS, the 3rd party administrator which was succeeded by Public Consulting Group, Inc. (PCG), was a vendor or a sub-recipient, the finding has been resolved. Further the Region 9 elected officials and WDB have implemented all the DEO recommendations cited to in connection with the above referenced finding.

Alachua and Bradford Counties, the governmental entities comprising the Region 9

Sponsored by CareerSource North Central Florida and the State of Florida, Department of Economic Opportunity. CareerSource North Central Florida is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. All voice telephone numbers may be reached by persons using

TTY/TDD equipment via the Florida Relay Service at 711. Programs funded by CareerSource NCFL as a grantee of the U.S. Department of Labor. A proud partner of the American Job Center Network.



workforce development area, and the recipient of the funds from the State DEO have reorganized the governance structure for the local area. A new interlocal agreement has been executed pursuant to WIOA § 107(b) and § 163.01 paragraphs (5) (c) and (7) Fla. Stat. (2020) describing the duties, responsibilities and shared liability of the Counties for the grants awarded to the Region. The consortium of elected officials is now known as the Dual County Workforce Development Council (DCWDC)

The counties have elected to serve as the grant recipient for the local area. In accordance with §163.01 (7) Fla. Stat. (2020), which provides for governmental entities which have entered into an interlocal agreement to create an administrative entity to carry out the purposes of the interlocal agreement, CareerSource North Central Florida (CSNCFL) has been created and named to serve as the administrative entity. CSNCFL is also a governmental entity, retaining the same sovereign immunity as that of the governmental units which created it pursuant to Fla. Stat. §163.01.

The DCWDC appoints a majority private sector board formerly known as the Alachua Bradford Workforce Development Board now operating as, the North Central Florida Workforce Development Board, (NCFWDB) in accordance with WIOA. CSNCFL serves as the administrative entity for both the DCWDC and the NCFWDB. This decision was a cost-effective solution for a small local area, while also assuring coordinated oversight and agreement between the DCWDC and the NCFWDB with respect to implementation of the grant programs.

This is reflected in the Agreement between the DCWDC and the NCFWDB.

New staff has been hired by CSNCFL to implement the policies of the local board, the consortium of elected officials and to provide the administrative support and oversight required to implement the grants. The staff reports to the Executive Director hired by the DCWDC upon recommendation of the NCFWDB.

On April 28, 2022, CSNCFL paid back the questioned costs cited above to the Florida Dept of Economic Opportunity with check number 7068958 and it cleared the bank in May 2022.

2019-002 *Federal Award Known Questioned Costs*

Temporary Assistance for Needy Families – CFDA 93.558 Contract G-1801FLTANF US Dept of Health and Human Services Contract year July 1, 2018 – June 30, 2019

Questioned costs – DEO questioned costs of \$94,818 were computed based on an allocation of costs across programs administered by the 3rd party grant administrator.

Sponsored by CareerSource North Central Florida and the State of Florida, Department of Economic Opportunity. CareerSource North Central Florida is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. All voice telephone numbers may be reached by persons using

TTY/TDD equipment via the Florida Relay Service at 711. Programs funded by CareerSource NCFL as a grantee of the U.S. Department of Labor. A proud partner of the American Job Center Network.



Criteria: Uniform Guidance 200.303(a) requires the non-Federal entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Internal controls did not detect and prevent the subrecipient contract with the 3rd party grant administrator, which was deemed to not satisfy certain compliance requirements of the award.

Condition: The subrecipient contract for the 3rd party grant administrator did not satisfy certain compliance requirements of the award.

Cause: The Board evaluated the contract with the grant administrator, but improperly determined that it satisfied all compliance requirements of the award.

Effect: Noncompliance with certain compliance requirements of the award.

Recommendation: We recommend reviewing contractual relationships with potential future subrecipients to ensure all compliance requirements of the award are met.

Corrective Action: Without agreeing with or disputing the DEO determination that FMS, which was succeeded by Public Consulting Group, Inc. (PCG), was a sub-recipient, the Region 9 elected officials and WDB have implemented all the DEO recommendations cited to in the above referenced finding. Please see the description above of the actions taken to assure the findings do not reoccur

On April 28, 2022, CSNCFL paid back the questioned costs to the Florida Dept of Economic Opportunity with check number 7068958 and it cleared the bank in May 2022.

PART IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

NONE