

**CHIPOLA REGIONAL
WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA**

FINANCIAL STATEMENTS

JUNE 30, 2019

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
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JUNE 30, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Chipola Regional Workforce Development Board, Inc. d/b/a CareerSource Chipola:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Chipola Regional Workforce Development Board, Inc., d/b/a CareerSource Chipola ("CareerSource Chipola") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise CareerSource Chipola'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 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.

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

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 CareerSource Chipola, as of June 30, 2019, and the respective changes in financial position, thereof 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 as listed in the table of contents 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 CareerSource Chipola's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis 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 March 9, 2020 on our consideration of CareerSource Chipola'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 the effectiveness of CareerSource Chipola'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 CareerSource Chipola's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida
March 9, 2020

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Management is pleased to offer the following assessment of the operations of Chipola Regional Workforce Development Board, Inc. d/b/a CareerSource Chipola (“CareerSource Chipola”) for the year ended June 30, 2019.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to CareerSource Chipola’s basic financial statements. CareerSource Chipola’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of CareerSource Chipola’s finances in a manner similar to a private sector business. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities.

The *statement of net position* presents information on all of CareerSource Chipola’s assets and liabilities, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of CareerSource Chipola is improving or deteriorating.

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

The basic government-wide financial statements can be found on pages 8 – 9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CareerSource Chipola uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. CareerSource Chipola maintains one fund, which is the governmental fund.

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be used in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The location of the basic governmental fund financial statements can be found in the table of contents in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-21.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards. This schedule lists all Federal grants awarded to CareerSource Chipola and the related expenditures for the fiscal year ended June 30, 2019. The Schedule of Expenditures of Federal Awards can be found on pages 22-23.

Government-wide Financial Analysis *Condensed financial information* - As noted earlier, net position may serve over time as a useful indicator of a government’s financial position.

	Condensed Statements of Net Position	
	2019	2018
Current Assets	\$ 1,358,958	\$ 646,471
Capital Assets, net	83,739	41,551
Total Assets	1,442,697	688,022
Accounts payable and accrued expenses	866,207	263,364
Unearned revenue	22,744	78,195
Total Liabilities	888,951	341,559
Net investment in capital assets	83,739	41,551
Unrestricted	470,007	304,912
Net Position	\$ 553,746	\$ 346,463

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

At the end of each fiscal year above, CareerSource Chipola is able to report a positive balance in net position.

		Condensed Statement of Activities	
		2019	2018
Program revenues:			
Operating grants and contributions	\$	4,837,622	\$ 1,969,225
General revenues:			
Other		169,262	165,128
Total revenues		5,006,884	2,134,353
Expenses:			
Training, retraining and readjustment		4,799,601	2,110,348
Change in net position		207,283	24,005
Net position, beginning of year		346,463	322,458
Net position, end of year	\$	553,746	\$ 346,463

Financial Highlights

The assets of CareerSource Chipola exceeded its liabilities at June 30, 2019 by \$553,746. Approximately 15% of this total, or \$83,739 is invested in capital assets.

The Organization's Individual Fund

General Fund

The General Fund receives its funding under cash advance and cost reimbursement contracts. If at the end of the fiscal year, an advance is not sufficient to cover applicable expenditures, a receivable is created. If an advance is in excess of applicable expenditures, a refundable advance is reported. Consequently, revenues will generally equal expenditures with a small profit due to charges for services not funded by grants.

Capital Assets

During the fiscal year, CareerSource Chipola had an increase in capital assets. Increases in capital assets during the year ended June 30, 2019, were related to purchase of capital assets in the amount of \$64,060, minus the depreciation of capital assets in the amount of \$21,872. Additional information on CareerSource Chipola's capital assets can be found in Note II B. on page 18 of this report.

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Budgetary Highlights

The Organization is not legally required to adopt a budget. As such, budgetary exhibits are not presented.

Debt Administration

The Organization has no debt.

Economic Factors

Ninety-seven percent (97%) of the Organization's revenues were generated from federal grants, most of which were passed through the State of Florida's Department of Economic Opportunity. Anything that could influence federal and state appropriations of these funds will have a direct impact on the Organization.

Request for Information

This report is designed to provide a general overview of CareerSource Chipola's finances for all those with an interest in CareerSource Chipola's finances. Questions concerning any of the information in this report or requests for additional information should be addressed as follows:

Chipola Regional Workforce Development Board, Inc.
d/b/a CareerSource Chipola
4636 Highway 90 East, Suite K
Marianna, Florida 32446

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 803,522
Certificates of deposit	273,792
Grant, contract and other receivables	281,394
Prepaid expenses	250
Total current assets	1,358,958
Capital assets, net of accumulated depreciation	83,739
Total Assets	\$ 1,442,697
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable and accrued expenses	\$ 637,069
Compensated absences, due in one year	23,582
Unearned revenue	22,744
Total current liabilities	683,395
Long-term liabilities	
Compensated absences, less current portion	205,556
Total Liabilities	\$ 888,951
<u>NET POSITION</u>	
Net investment in capital assets	\$ 83,739
Unrestricted	470,007
Total Net Position	\$ 553,746

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

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Functions/Programs</u>		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:			
Training, retraining and readjustment	\$ 4,799,601	\$ 4,837,622	\$ 38,021
Total governmental activities	<u>\$ 4,799,601</u>	<u>\$ 4,837,622</u>	<u>38,021</u>
		General revenues:	
		Other	163,929
		Interest	<u>5,333</u>
		Change in net position	207,283
		Net position, beginning of year	346,463
		Net position, end of year	<u>\$ 553,746</u>

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

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
BALANCE SHEET -
GOVERNMENTAL FUND
JUNE 30, 2019

	General Fund
ASSETS	
Cash and cash equivalents	\$ 803,522
Certificates of deposit	273,792
Grant, contract, and other receivables	281,394
Prepays	250
Total Assets	\$ 1,358,958
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	\$ 637,069
Unearned revenue	22,744
Total Liabilities	659,813
Fund balances:	
Nonspendable	250
Assigned	698,895
Total Fund Balance	699,145
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 fund.	83,739
Compensated absence liabilities are not due and payable in the current period and, therefore, are not reported in the fund.	(229,138)
Net position of governmental activities	\$ 553,746

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

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>
Revenues	
Grants and contracts	\$ 4,837,622
Other	163,929
Interest	5,333
Total revenues	<u>5,006,884</u>
Expenditures	
Personnel and benefits	907,102
Professional fees	17,690
Direct program	3,192,824
Travel and training	43,643
Communication and utilities	106,845
Insurance	23,821
Printing and office supplies	52,090
Occupancy and rent	125,846
Repairs and maintenance	2,625
Equipment	214,228
Licenses and software	78,486
Outreach	4,317
Dues and membership	14,965
Other	35,626
Total expenditures	<u>4,820,108</u>
Net change in fund balance	<u>186,776</u>
Fund balance, beginning of year	512,369
Fund balance, end of year	<u><u>\$ 699,145</u></u>

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

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental fund:	\$	186,776
Governmental funds report 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.		
Capital outlay expenditures		64,060
Depreciation expense		<u>(21,872)</u>
		42,188
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
		(21,681)
Change in net position of governmental activities:	<u>\$</u>	<u>207,283</u>

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

CHIPOLA REGIONAL WORKFORCE DEVELOPEMNT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of Chipola Regional Workforce Development Board, Inc. (“CareerSource Chipola”), which affect significant elements of the accompanying basic financial statements:

A. Description of government wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of CareerSource Chipola. Governmental activities are normally supported by intergovernmental revenues and other nonexchange transactions.

B. Reporting entity

CareerSource Chipola is a nonprofit corporation established to provide for enhanced coordination, cooperation, and outcomes by and between the several entities, both public and private, which are involved at the local level in providing youth and adults with opportunities to develop and continuously upgrade their knowledge and skills in order to advance economically and socially throughout their lifetime, and in providing employers with the skilled workforce necessary to be competitive in local, state, national and/or international markets. CareerSource Chipola was created to fulfill the duties and responsibilities provided for by the Workforce Investment Act (WIA) of 1998-Title 1, superseded by the Workforce Innovation and Opportunity Act of 2014 (WIOA), and the State of Florida Workforce Innovation Act of 2000 for the Region 3 Local Workforce Investment Area comprised of Calhoun, Holmes, Jackson, Liberty and Washington counties. The governing authority of CareerSource Chipola is its Board of Directors.

The accounting policies adopted by the Board of Directors conform to accounting principles generally accepted in the United States of America as applied to not-for-profit organizations reporting using the governmental model. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of CareerSource Chipola. There were no entities that required inclusion as a component unit within CareerSource Chipola's financial statements.

C. Basis of presentation – government-wide financial statements

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

CHIPOLA REGIONAL WORKFORCE DEVELOPEMNT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies: (Continued)

D. Basis of presentation – fund financial statements

The fund financial statements provide information about CareerSource Chipola's fund. CareerSource Chipola reports one governmental fund:

- The general fund is established to account for resources devoted to financing the general operations of CareerSource Chipola. All operating resources are recorded in the general fund.

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 recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues are reported as general revenues.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, CareerSource Chipola considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

CareerSource Chipola's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies: (Continued)

F. Assets, liabilities, and net position/fund balance

1. Deposits and investments

Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded when consumed rather than when purchased.

3. Capital assets

Capital assets acquired by CareerSource Chipola are considered to be owned by CareerSource Chipola. However, funding sources may maintain an equitable interest in the capital assets purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. 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.

Capital assets with a value greater than \$5,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to ten years.

4. Long-term obligations

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

5. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies: (Continued)

F. Assets, liabilities, and net position/fund balance (Continued)

6. Compensated Absences

Eligible employees accrue vacation and sick leave at varying rates based upon length of employment. Annual leave is accrued as earned by employees and recorded as an expense in the period earned. Upon termination, the maximum amount of annual leave that an employee may accumulate and be paid for is 240 hours. An employee may be paid out for sick leave after five (5) years employment with CareerSource Chipola. The employee or employee's family will be paid 100% of the employee's current base salary for the first 240 hours which he or she has accrued (and previously earned) with the remaining hours being paid at 50% of the employee's current base salary, provided the employee does not leave under duress.

7. Grant, Contract and Other Receivables

Grant, contract, and other receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with grantors, contractors, and subrecipients having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

8. Net position flow assumption

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

9. Fund balance flow assumptions

Sometimes CareerSource Chipola will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is CareerSource Chipola's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies: (Continued)

F. Assets, liabilities, and net position/fund balance (Continued)

10. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of CareerSource Chipola's highest level of decision-making authority. The Board of Directors is the highest level of decision making authority for CareerSource Chipola that can, by passing a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by CareerSource Chipola for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and expenditures/expenses

1. Revenue sources

Generally, revenue is received from the State of Florida, Department of Economic Opportunity and is earned on a cost reimbursement basis.

H. Budgets

The general expenditure authority of CareerSource Chipola, as provided by Sections 445.004 and 445.007 of the Florida Statutes, does not require a legally adopted budget placed into public law. Accordingly, the budgetary comparison schedules for governmental funds have not been presented as supplementary information required by the Governmental Accounting Standards Board.

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

II. Detailed Notes on All Funds:

A. Deposits

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, CareerSource Chipola's deposits may not be returned. At year end, the carrying amount of deposits was \$1,077,314 and the bank balance was \$1,287,431. The bank balance was insured up to Federal Deposit Insurance Corporation ("FDIC") limits.

B. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Furniture, fixtures and equipment	\$ 235,537	\$ 64,060	\$ -	\$ 299,597
Less accumulated depreciation	<u>(193,986)</u>	<u>(21,872)</u>	<u>-</u>	<u>(215,858)</u>
Capital assets, net	<u>\$ 41,551</u>	<u>\$ (42,188)</u>	<u>\$ -</u>	<u>\$ 83,739</u>

\$21,872 of depreciation expense was allocated to the training program during the year ended June 30, 2019.

C. Operating Leases

CareerSource Chipola has entered into building leases expiring in 2021. For the year ended June 30, 2019, rental expense under the terms of these leases totaled \$125,846. Future minimum lease payments under these leases are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Minimum</u> <u>Payments</u>
2020	\$ 112,500
2021	112,500
Total	<u>\$ 225,000</u>

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

II. Detailed Notes on All Funds: (Continued)

D. Long-term Debt

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Balance 07/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/19</u>	<u>Due in one year</u>
Governmental activities					
Compensated absences	\$ 207,457	\$ 43,362	\$ (21,681)	\$ 229,138	\$ 23,582

E. Retirement Plan

CareerSource Chipola sponsors a defined contribution retirement plan which covers substantially all employees. The plan provides for a 16% contribution of the employees' base salary beginning after the probationary employment period, provided funds are available. The amount of retirement expense for the year ended June 30, 2019 was \$83,483.

F. Unearned Revenue

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the June 30, 2019, unearned revenue from grant drawdowns made prior to meeting all eligibility requirements was \$22,744.

G. Related Parties

Certain board members provide services either directly or indirectly to CareerSource Chipola. A description and the amount of the services provided is as follows:

Tuition	\$ 124,282
Dues and Subscriptions	11,204
Utilities	3,625
Rent	9,143
	<u>\$ 148,254</u>

The amount outstanding as payable for these services as of June 30, 2019 was \$530.

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. Other Information:

A. Risk Management

CareerSource Chipola is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which CareerSource Chipola carries commercial insurance. Insurance against losses is provided for the following types of risk:

- Personal Property and EDP
- Directors' and Officers' Liability
- Employment Practices Liability
- Auto

B. Income Taxes

CareerSource Chipola is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes has been made in the accompanying financial statements.

CareerSource Chipola files income tax returns in the U.S. Federal jurisdiction. CareerSource Chipola's income tax returns for the past three year are subject to examination by tax authorities and may change upon examination.

CareerSource Chipola has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of CareerSource Chipola.

C. Contingencies

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

D. Significant Funding Source

CareerSource Chipola receives a substantial amount of its funding from the United States Department of Labor passed through the State of Florida, Department of Economic Opportunity, and from the United States Department of Health and Human Services passed through the State of Florida, Department of Economic Opportunity. A significant reduction in the level of this funding, this were to occur, could have an adverse effect on CareerSource Chipola's programs and activities.

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

III. Other Information: (Continued)

E. Subsequent Events

CareerSource Chipola has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 9, 2020, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

F. Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board (“GASB”) has issued a pronouncement that has an effective date that may impact future financial statements. Listed below is a pronouncement with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on CareerSource Chipola’s financial statements:

GASB issued Statement No. 87, Leases, in June 2017. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Award Number	Expenditures
FEDERAL AWARDS			
U. S. Department of Health and Human Services			
Passed through State of Florida, Department of Economic Opportunity			
Temporary Assistance for Needy Families	93.558	WTS18	\$ 79,373
Temporary Assistance for Needy Families	93.558	WTS19	267,129
		Total TANF Cluster	<u>346,502</u>
U. S. Department of Labor			
Passed through State of Florida, Department of Economic Opportunity			
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA18	1,690
Employment Service/Wagner – Peyser Funded Activities	17.207	WPA19	29,894
Employment Service/Wagner – Peyser Funded Activities	17.207	WPB17	116,763
Jobs for Veterans State Grants	17.801	LVR18	4,620
Jobs for Veterans State Grants	17.801	LVR19	12,879
Jobs for Veterans State Grants	17.801	DVP18	5,484
Jobs for Veterans State Grants	17.801	DVP19	8,973
		Total Employment Service Cluster	<u>180,303</u>
Unemployment Insurance	17.225	UCRE8	6,424
Unemployment Insurance	17.225	UCB19	3,107
Unemployment Insurance	17.225	UCR19	1,611
			<u>11,142</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Award Number	Expenditures
FEDERAL AWARDS (Continued)			
U. S. Department of Labor (Continued)			
Passed through State of Florida, Department of Economic Opportunity (Continued)			
WIOA Adult Program	17.258	WIS17	\$ 90,835
WIOA Adult Program	17.258	WIS18	82,903
WIOA Adult Program	17.258	WIA18	55,401
WIOA Adult Program	17.258	WIA19	311,203
WIOA Youth Activities	17.259	WIS17	90,835
WIOA Youth Activities	17.259	WIS18	82,903
WIOA Youth Activities	17.259	WIY18	311,866
WIOA Dislocated Worker Formula Grants	17.278	WIS17	121,113
WIOA Dislocated Worker Formula Grants	17.278	WIS18	101,624
WIOA Dislocated Worker Formula Grants	17.278	WID18	186,370
WIOA Dislocated Worker Formula Grants	17.278	WIR18	51,648
		Total WIOA Cluster	<u>1,486,701</u>
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	WNM19	<u>2,632,816</u>
U. S. Department of Agriculture			
Passed through State of Florida, Department of Economic Opportunity			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH18	6,299
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FSH19	39,903
		Total SNAP Cluster	<u>46,202</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 4,703,666</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

(1) Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal awards activity of Chipola Regional Workforce Development Board, Inc. d/b/a CareerSource Chipola under programs of the federal government for the year ended June 30, 2019 in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CareerSource Chipola it is not intended to and does not present the financial position, changes in net assets, or cash flows of CareerSource Chipola.

(2) Summary of Significant Accounting Policies:

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(3) De Minimis Indirect Cost Rate Election:

CareerSource Chipola has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

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,
Chipola Regional Workforce Development Board, Inc. d/b/a CareerSource Chipola:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Chipola Regional Workforce Development Board, Inc., d/b/a CareerSource Chipola (“CareerSource Chipola”) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Organization’s basic financial statements and have issued our report thereon March 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CareerSource Chipola’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 CareerSource Chipola’s internal control. Accordingly, we do not express an opinion on the effectiveness of CareerSource Chipola’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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 over financial reporting 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 CareerSource Chipola'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
March 9, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors,
Chipola Regional Workforce Development Board, Inc. d/b/a CareerSource Chipola:

Report on Compliance for Each Major Federal Program

We have audited Chipola Regional Workforce Development Board, Inc. d/b/a CareerSource Chipola ("CareerSource Chipola") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CareerSource Chipola's major federal programs for the year ended June 30, 2019. CareerSource Chipola's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CareerSource Chipola'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; the special audit guidance provided by the State of Florida Department of Economic Opportunity; and Title 2 U.S. Code of Federal Regulations (CFR) 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 CareerSource Chipola'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 CareerSource Chipola's compliance.

Opinion on Each Major Federal Program

In our opinion, CareerSource Chipola 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, 2019.

Report on Internal Control Over Compliance

Management of CareerSource Chipola 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 CareerSource Chipola's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit 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 CareerSource Chipola'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.

James Moore & Co., P.L.

Tallahassee, Florida
March 9, 2020

**CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Types of auditor's report issued on compliance for major Federal programs: *Unmodified*

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

Identification of major programs:

Federal Program	Federal CFDA Number
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277

CHIPOLA REGIONAL WORKFORCE DEVELOPMENT BOARD, INC.
D/B/A CAREERSOURCE CHIPOLA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019
(Continued)

I. Summary of Auditors' Results: (Continued)

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

Auditee qualified as low-risk auditee? X yes no

II. Financial Statement Findings:

None.

III. Federal Award Findings and Questioned Costs:

None.

IV. State of Florida, Department of Economic Opportunity Reporting Requirements:

Chipola Regional Workforce Development Board, Inc. d/b/a CareerSource Chipola performed timely reconciliations between the general ledger accounting system and the One Stop Management Information System.

V. Federal Award Summary Schedule of Prior Year Findings:

There were no audit findings for the year ended June 30, 2018.