

Finance Council Meeting Agenda

DEC. 12, 2018 • 1 – 2 P.M. ET

CONFERENCE CALL-IN NUMBER: 1 (888) 670-3525

PARTICIPANT CODE: 769 481 6221#

Chairman's Welcome & Remarks	<i>Arnie Girnun</i>
Action Item	<i>Andrew Collins Purvis, Gray & Company</i>
<ul style="list-style-type: none">• 2018 Annual CareerSource Florida Inc. Audit by Independent Audit Firm	
Hurricane Michael Recovery Update	<i>Andrew Collins</i>
Update on Fiscal Year 2018-2019 Strategic Initiatives	<i>Andrew Collins</i>
Open Discussion/Public Comment	
Chairman's Closing Remarks	<i>Arnie Girnun</i>

UPCOMING MEETINGS

Board of Directors and Related Meetings – Feb. 12-13, 2019

Executive Committee Meeting – April 9, 2019

Board of Directors and Related Meetings – May 22-23, 2019

collaborate.
innovate.
lead.



Approved _____
Disapproved _____

Action Item 1

ACCEPTANCE OF CAREERSOURCE FLORIDA 2018 ANNUAL AUDIT

CareerSource Florida's independent audit firm, Purvis, Gray & Co., CPAs, has completed the annual financial audit of the accounting records and systems of CareerSource Florida for the fiscal year ending June 30, 2018. Enclosed in the agenda packet is a copy of the audit report and management letter to the Board of Directors issued September 27, 2018, by the audit firm. Representatives from the firm will present the results of the audit to the Finance Council. Major items noted in the report include:

- An unmodified opinion on the financial statements, which fairly present the financial position of CareerSource Florida for the year ending June 30, 2018;
- no deficiencies in internal control over financial reporting;
- no instances of noncompliance or other matters that are required to be reported in accordance with Government Auditing Standards;
- no disclosure of reportable conditions in internal control, in general;
- no disclosure of reportable conditions in internal control over major federal programs;
- no disclosure of any audit findings relative to the major federal award programs which are reportable under the US OMB Circular A-133 or Chapter 10.650, Rules of the Auditor General, State of Florida; and
- no findings related to the audit of federal awards or state projects in the prior fiscal year.

In accordance with the Final Guidance (AWI FG 05-019) issued by the Florida Department of Economic Opportunity on Audit and Audit Resolution, dated August 12, 2005, auditors must appear before the Board, or an appropriate committee of the Board, to explain the opinions expressed by the auditor and to discuss the significance of any audit findings, including any findings contained in the Management Letter. Copies of the audit, management letter, and any corrective action plan must be submitted to the DEO Inspector General, the State Auditor General's Office, Department of Financial Services, and the Federal Audit Clearinghouse, as well as to the Governor, House and Senate as part of the CareerSource Florida annual report required to be submitted by December 1 of each year.

FOR CONSIDERATION

Acceptance of the annual financial audit for the fiscal year ending June 30, 2018, conducted and prepared by Purvis, Gray & Co., CPAs.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**CAREERSOURCE FLORIDA, INC.
TALLAHASSEE, FLORIDA**

JUNE 30, 2018

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**CAREERSOURCE FLORIDA, INC.
TALLAHASSEE, FLORIDA**

JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of CareerSource Florida, Inc., as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CareerSource Florida, Inc.'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 an opinion 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 opinion.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of CareerSource Florida, Inc., as of June 30, 2018, and the respective changes in net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 7 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 (GASB) 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 an opinion on the financial statements that collectively comprise CareerSource Florida, Inc.'s basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* of the State of Florida, 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 and state financial assistance 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 and state financial assistance 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 September 27, 2018, on our consideration of CareerSource Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and

Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards* (Concluded)

other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CareerSource Florida, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited CareerSource Florida, Inc.'s 2017 financial statements, and our report dated September 25, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent in all material respects, with the audited financial statements from which it was derived.

Durvis, Gray and Company, LLP

September 27, 2018
Tallahassee, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

This discussion and analysis of CareerSource Florida, Inc.'s financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2018. This analysis should be read in conjunction with the independent auditors' report (pages 1 - 3) and the basic financial statements, which begin on page 8.

Financial Highlights

- Assets of CareerSource Florida, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$1,452,501 (net position of \$1,012,931 is unrestricted).
- Government assistance, including pass-through grants, accounted for \$14,875,651 in revenue.
- CareerSource Florida, Inc. spent \$1,702,851 for Incumbent Worker Training programs and \$6,261,218 for Quick Response Training. CareerSource Florida, Inc. spent \$6,511,754 in other program costs, which include general, administrative, and contractual expenses. For the year ended June 30, 2018, CareerSource Florida, Inc. incurred \$14,475,823 in total expenses for a total decrease of \$6,750,793 or 31.80% from the prior year.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to CareerSource Florida, Inc.'s basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of CareerSource Florida, Inc.'s finances, in a manner similar to a private-sector business. CareerSource Florida, Inc.'s government-wide financial statements include the statement of net position and the statement of activities.

The Statement of Net Position presents financial and capital resources of CareerSource Florida, Inc. Assets are reported when CareerSource Florida, Inc. acquires ownership over assets and liabilities are reported when they are incurred, regardless of the timing of the related cash flows. The difference between CareerSource Florida, Inc.'s total assets and total liabilities is net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents revenue and expenses and shows how CareerSource Florida, Inc.'s net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by a private-sector business in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the period.

Fund Financial Statements

Fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for the cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities.

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Continued)

Notes to the Financial Statements

In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards and State Financial Assistance, which can be found on pages 22 - 23. This schedule lists all Federal and State grants awarded to CareerSource Florida, Inc. and the related expenditures for the fiscal year ended June 30, 2018.

Government-wide Financial Analysis

One of the most important questions asked about CareerSource Florida, Inc.’s finances is, “Is CareerSource Florida, Inc., as a whole, better off or worse off as a result of the year’s activities?” The statement of net position and the statement of activities report information about CareerSource Florida, Inc.’s activities in a way that will help answer this question. These two statements report the net position of CareerSource Florida, Inc. and changes in them during the last reporting period. You may think of CareerSource Florida, Inc.’s net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in CareerSource Florida, Inc.’s net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in interest rates, economic conditions, regulations, and new or changed governmental legislation.

The following schedule is a summary of the fiscal year 2018 Statement of Net Position, which can be found on page 8 of this report with comparative information for the fiscal year 2017:

CONDENSED FINANCIAL STATEMENTS
CAREERSOURCE FLORIDA, INC.'S STATEMENT OF NET POSITION

	2018	2017
Current and Other Assets	\$ 19,344,136	\$ 10,822,991
Capital Assets	439,570	2,909
Total Assets	19,783,706	10,825,900
Long-term Liabilities Outstanding	285,287	274,915
Other Liabilities	18,045,918	9,549,603
Total Liabilities	18,331,205	9,824,518
Net Position		
Net Investment in Capital Assets	439,570	2,909
Unrestricted	1,012,931	998,473
Total Net Position	\$ 1,452,501	\$ 1,001,382

As noted earlier, changes in net position may serve over time as a useful indicator of an organization’s financial position. This year CareerSource Florida, Inc.’s net position is \$1,452,501, which is an improvement of \$451,119 in CareerSource Florida, Inc.’s net position for the year. This increase in net position represented an increase of approximately 45.05% from the \$1,001,382 net position in 2017 and is the result of capital asset purchases 2018 and increase in unrestricted funds 2018. The majority of CareerSource Florida, Inc.’s net position is unrestricted and can be used for operations and program related expenses.

The chart below is a summary of the information presented in the 2018 Statement of Activities found on page 9 of this report, with comparative information in 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Continued)

Government-wide Financial Analysis (Concluded)

CAREERSOURCE FLORIDA, INC.'S CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>
Revenues		
Operating Grants and Contributions	\$ 14,875,651	\$ 21,265,968
Other Income	51,291	27,109
Total Revenues	<u>14,926,942</u>	<u>21,293,077</u>
Expenses		
Program Services:		
Incumbent Worker Training	1,702,851	1,049,787
Quick Response Training	6,261,218	13,657,127
Performance Model Funding	505,030	429,456
Other Program Costs	6,006,724	6,090,246
Total Expenses	<u>14,475,823</u>	<u>21,226,616</u>
Increase in Net Position	451,119	66,461
Net Position, Beginning of Year	<u>1,001,382</u>	<u>934,921</u>
Net Position, End of Year	<u>\$ 1,452,501</u>	<u>\$ 1,001,382</u>

Governmental activities increased CareerSource Florida, Inc.'s net position by \$451,119, or by 45.05%. The following information related key points regarding the financial activities that significantly impacted the change in net assets:

- Operating grant revenues decreased by \$(6,390,317), or (-30.05%) from the previous year. This resulted from a decrease in the amount of requested reimbursements in the Quick Response Training grant program in the current year.
- Incumbent Worker Training (IWT) grant reimbursements increased by \$653,064, or 62.21% from the previous year. IWT expenses are incurred on a reimbursement-request basis and are subject to timing variances. For year ended June 30, 2018, CareerSource Florida, Inc. received and processed an increase in requested reimbursements in the current year.
- Quick Response Training (QRT) grant assistance decreased by \$(7,395,909), or (-54.15%) from the previous year. QRT expenses are incurred on a reimbursement-request basis and are subject to timing variances; thus, this decrease is a result of timing variances pertaining to award issuance and subsequent reimbursement requested. For the year ended June 30, 2018, CareerSource Florida, Inc. received and processed a decrease in requested reimbursements in the current year.
- Other Program Costs decreased by \$(83,522), or (-1.39%) from the previous year. This is the result of a net decrease in operating expenses including training, insurance, and IT licenses, as well as sponsorships to communicate the CareerSource Florida message.

Fund Financial Analysis

As noted earlier, CareerSource Florida, Inc. also presents fund financial statements to provide information on *near-term* inflow, outflows, and balances of spendable resources. CareerSource Florida, Inc. has one governmental fund (the General Fund). The financial operations of the General Fund are included in the Statement of Revenues, Expenditures, and Changes in Fund Balance, which begin on page 12 of his report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Concluded)

Fund Financial Analysis (Concluded)

The following are significant highlights of the general fund financial statements:

- At June 30, 2018, total assets were \$19,344,136, of which cash accounted for 88% of the total balance.
- Cash increased a total of \$8,663,861 from the prior year for a balance of \$17,125,338 at June 30, 2018. This was the result of a decrease in QRT requested reimbursements during the year from grantees.
- Total general fund liabilities at June 30, 2018, were \$18,045,918, of which unearned revenues accounted for approximately 95% of the total. The increase in the deferred revenue balance resulted from additional QRT funds remaining to be requested by grantees.
- Total General Fund revenues were \$14,926,942 for the period ending June 30, 2018. General Fund revenues decreased by \$6,366,135, which is a decrease of 30%. This decrease was driven by less dollars being requested for reimbursement by QRT grantees.
- Total Expenditures decreased by \$6,323,733 from the prior year, a decrease of 30%. This was primarily the result of decreased spending of QRT grants.

Capital Asset Administration

CareerSource Florida, Inc.'s investment in capital assets as of June 30, 2018, amounts to \$439,570 (net of accumulated depreciation). Additional information on CareerSource Florida, Inc.'s capital assets can be found in Note 3 on page 19 of this report. CareerSource Florida, Inc. purchased capital assets in the current year consisting mainly of new server systems, office furnishings and security alarm to suit the new corporate office location, and computer upgrades for staff. These assets serve to increase production and capacity while meeting current needs, sustain future growth and accommodating emergency compute and storage needs. The increase in capital assets is also due to the capitalization threshold being changed from \$5,000 to \$1,000 in the current year to align with requirement for component units of the State of Florida to use the same capitalization threshold as the State, Ch 273, F.S.

Economic Factors

In accordance with the *Workforce Innovation and Opportunity Act of 2014*, CareerSource Florida, Inc. operates throughout the state as the primary workforce policy organization on behalf of the State of Florida. CareerSource Florida, Inc. accomplishes this by linking workforce and economic development strategies through business-driven initiatives and programs to ensure that Florida's Workforce has the skills that will meet current and future business needs. Florida businesses continue to cite workforce issues as their most important concern, according to surveys undertaken by various business associations. This concern is consistent with national studies highlighting the difficulties of finding and keeping qualified workers. Additionally, the growing prominence of the technology and biotechnology sectors increases the need to produce skilled workers. Since Florida's economy is linked to both national and global economic markets which are impacted and driven by major changes and advancements in technology, the challenges facing CareerSource Florida, Inc. will never be completely accomplished and must be continuously adapted to meet these challenges from year to year. CareerSource Florida, Inc. also promotes an environment where Floridians have the opportunity to upgrade their education and skills to obtain jobs that lead to economic self-sufficiency.

Funding for CareerSource Florida, Inc., its initiatives and operations, is derived from legislative appropriations from revenues collected by the State of Florida and Federal workforce training funds. In addition to funds for general operational costs of the Board and direct staff, CareerSource Florida, Inc. receives funding for two customized training programs – the Quick Response Training and Incumbent Worker Training programs.

Request for Information

This financial report is designed to provide a general overview of CareerSource Florida, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to CareerSource Florida, Inc., PO Box 13179, Tallahassee, FL 32317.

CAREERSOURCE FLORIDA, INC.
STATEMENT OF NET POSITION
JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
TALLAHASSEE, FLORIDA

ASSETS		
	2018	2017
Current Assets		
Cash and Cash Equivalents	\$ 17,125,338	\$ 8,461,477
Grants and Contracts Receivable	2,098,279	2,291,937
Prepaid Expenses	120,019	67,227
Total Current Assets	19,343,636	10,820,641
Noncurrent Assets		
Capital Assets, Net	439,570	2,909
Other Assets	500	2,350
Total Noncurrent Assets	440,070	5,259
Total Assets	19,783,706	10,825,900
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	992,370	933,838
Unearned Revenue	17,053,548	8,615,765
Total Current Liabilities	18,045,918	9,549,603
Long-term Liabilities		
Compensated Absences	285,287	274,915
Total Liabilities	18,331,205	9,824,518
NET POSITION		
Net Investment in Capital Assets	439,570	2,909
Unrestricted	1,012,931	998,473
Total Net Position	\$ 1,452,501	\$ 1,001,382

See accompanying notes.

CAREERSOURCE FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017
TALLAHASSEE, FLORIDA

		<u>2018</u>				
		<u>Program Revenues</u>			<u>Net (Expense)</u>	
		<u>Charges</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>	
		<u>for</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>	
<u>Function Activities</u>	<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Position</u>	<u>2017</u>
					<u>Governmental</u>	<u>Totals</u>
					<u>Activities</u>	
Governmental Activities						
Economic Environment:						
Incumbent Worker Training	\$ 1,702,851	\$ 0	\$ 1,702,851	\$ 0	\$ 0	\$ 0
Quick Response Training	6,261,218	0	6,261,218	0	0	0
Performance Model Funding	505,030	0	505,030	0	0	0
Other Program Costs	6,006,724	0	6,406,552	0	399,828	39,352
Total Governmental Activities	<u>\$ 14,475,823</u>	<u>\$ 0</u>	<u>\$ 14,875,651</u>	<u>\$ 0</u>	<u>399,828</u>	<u>39,352</u>
General Revenues						
Miscellaneous					51,291	27,109
Total General Revenues					<u>51,291</u>	<u>27,109</u>
Change in Net Position					451,119	66,461
Net Position, Beginning of Year					1,001,382	934,921
Net Position, End of Year					<u>\$ 1,452,501</u>	<u>\$ 1,001,382</u>

See accompanying notes.

CAREERSOURCE FLORIDA, INC.
BALANCE SHEET
GOVERNMENTAL FUND TYPE - GENERAL FUND
JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
TALLAHASSEE, FLORIDA

	2018	2017
Assets		
Cash and Cash Equivalents	\$ 17,125,338	\$ 8,461,477
Grants and Contracts Receivable	2,098,279	2,291,937
Prepaid Expenditures	120,519	69,577
Total Assets	19,344,136	10,822,991
 Liabilities and Fund Balance		
 Liabilities		
Accounts Payable and Accrued Liabilities	992,370	933,838
Unearned Revenue	17,053,548	8,615,765
Total Liabilities	18,045,918	9,549,603
 Fund Balance		
Nonspendable - Prepaid Expenditures	120,519	69,577
Unassigned	1,177,699	1,203,811
Total Fund Balance	1,298,218	1,273,388
 Total Liabilities and Fund Balance	\$ 19,344,136	\$ 10,822,991

See accompanying notes.

CAREERSOURCE FLORIDA, INC.
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
TALLAHASSEE, FLORIDA

	2018	2017
Total Fund Balance of Governmental Fund	\$ 1,298,218	\$ 1,273,388
 Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:		
Compensated Absences	(285,287)	(274,915)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	439,570	2,909
Net Position of Governmental Activities	\$ 1,452,501	\$ 1,001,382

See accompanying notes.

CAREERSOURCE FLORIDA, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017
TALLAHASSEE, FLORIDA

	<u>2018</u>	<u>2017</u>
Revenues		
Intergovernmental Revenue	\$ 14,875,651	\$ 21,265,968
Miscellaneous	51,291	27,109
Total Revenues	<u>14,926,942</u>	<u>21,293,077</u>
Expenditures		
Economic Environment:		
Current:		
Salaries and Benefits	2,864,369	2,842,684
Office Expenses	218,155	121,629
Dues and Subscriptions	117,403	31,929
Occupancy	173,777	204,160
Training and Registrations	34,850	48,972
Sponsorships	182,500	52,500
Administration Contracts	289,692	172,895
Professional Fees and Consultants	133,425	42,019
Insurance	18,857	17,229
Telephone and Communications	42,077	46,130
Travel	132,379	113,694
Board Meetings and Travel	50,287	93,131
Other Program Costs	2,161,465	2,731,960
Capital Outlay	485,569	0
Grants and Aids	7,997,307	14,706,913
(Total Expenditures)	<u>(14,902,112)</u>	<u>(21,225,845)</u>
Net Change in Fund Balance	24,830	67,232
Fund Balance, Beginning of Year	<u>1,273,388</u>	<u>1,206,156</u>
Fund Balance, End of Year	<u>\$ 1,298,218</u>	<u>\$ 1,273,388</u>

See accompanying notes.

CAREERSOURCE FLORIDA, INC.
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, 2018,
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017
TALLAHASSEE, FLORIDA

	2018	2017
Net Change in Fund Balances - Total Governmental Fund	\$ 24,830	\$ 67,232
 Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
Change in Compensated Absences	(10,372)	2,138
<p>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 as depreciation expense:</p>		
Capital Outlay	485,569	0
Depreciation Expense	(48,908)	(2,909)
Change in Net Position of Governmental Activities	\$ 451,119	\$ 66,461

See accompanying notes.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

CareerSource Florida, Inc. is a not-for-profit corporation created by Chapter 445 of the Florida Statutes. Chapter 2000-165, Laws of Florida, known as the *Workforce Innovation Act of 2000*, superseded by the *Workforce Innovation and Opportunity Act of 2014* (WIOA), created the corporation, which became effective July 1, 2000. This corporation is required to be registered, incorporated, organized, and operated in compliance with Chapter 617, Florida Statutes, as a nonentity of State government.

CareerSource Florida, Inc. is the principal workforce policy organization and is administratively housed within the Department of Economic Opportunity (DEO). CareerSource Florida, Inc. contracts with DEO to implement CareerSource Florida, Inc.'s strategic policies and administer the workforce system.

CareerSource Florida, Inc. is governed by a Board of Directors (the Board), whose membership and appointment is determined by the Governor of the State of Florida and must be consistent with Public Law No. 113-128, Title I, Section 101(b) since it serves as the State's Workforce Investment Board pursuant to law.

Though the State of Florida appoints the Board, it has no further accountability. Therefore, for financial reporting purposes, CareerSource Florida, Inc. is a related organization of the State. There are no component units included in the accompanying financial statements.

Mission

CareerSource Florida, Inc. is the principal workforce policy organization for the State and the local workforce boards. The Florida Workforce System connects employers with qualified, skilled talent and Floridians with employment and career development opportunities to achieve economic prosperity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

CareerSource Florida, Inc. complies with accounting principles generally accepted in the United States of America (GAAP). CareerSource Florida, Inc.'s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The basic financial statements include both the government-wide and fund 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 Florida, Inc. The focus of the government-wide statements is on the sustainability of CareerSource Florida, Inc. as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include operating grants and contributions used to recover expenses of a given function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

Separate financial statements (fund financial statements) are provided for governmental funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations. CareerSource Florida, Inc. reports one governmental fund, the General Fund, which is used to account for all financial resources of CareerSource Florida, Inc.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable (flow of current financial resources measurement focus). The basis of accounting determines when transactions and economic events are reflected in the financial statements, and measurement focus identifies which transactions and events should be recorded.

In the fund financial statements, revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and actual collection will occur either: a) during the current period or; b) after the end of the period, but in time to pay fund liabilities. For this purpose, CareerSource Florida, Inc. considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources.

Assets, Liabilities, and Net Position

■ **Deposits**

CareerSource Florida, Inc.'s cash and cash equivalents are considered to be highly-liquid financial instruments with an original maturity of three months or less at the time they are purchased.

■ **Grants and Contracts Receivables**

Substantially all of the grants and contracts receivable of CareerSource Florida, Inc. are due from the State of Florida, Department of Economic Opportunity. Management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

■ **Capital Assets**

Capital assets acquired by CareerSource Florida, Inc. are considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property 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.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position (Continued)

■ **Capital Assets (Concluded)**

Property and equipment with a value greater than \$1,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to seven years.

■ **Compensated Absences**

CareerSource Florida, Inc. has two distinct employee groups. The first employee group includes permanent full-time employees of CareerSource Florida, Inc. The second group includes State of Florida employees assigned on a full-time basis to CareerSource Florida, Inc. CareerSource Florida, Inc. pays the salary and benefits of the state employees assigned to its operations. The benefit and compensated absence policy is slightly different for the two groups as follows:

- Permanent full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with CareerSource Florida, Inc. CareerSource Florida, Inc. employees' annual leave balances in excess of 360 hours will be transferred to sick leave on an hour-for-hour basis. Sick leave is accrued but generally only paid out at 25% of the accrued balance after ten years of service up to a stated maximum. However, the employment contract with the President stipulates that sick leave is paid in accordance with the employment contract.
- State of Florida employees assigned to CareerSource Florida, Inc. receive the same benefits, including compensated absences, as State of Florida employees. Vacation accruals are accrued and become vested when earned. Sick leave is generally payable and is accrued at 25% of the leave amount accrued up to 240 or 480 hours maximum, depending on employment classification. Sick accruals become vested upon ten years of employment.

■ **Unearned Revenue**

CareerSource Florida, Inc. received advanced funds from the State of Florida to administer the Quick Response Training (QRT) program. Under this program, CareerSource Florida, Inc. awards funds to businesses that provide training to the businesses' employees via local community colleges and/or state universities. CareerSource Florida, Inc. defers the revenue relating to these programs until the earnings process is substantially complete, which CareerSource Florida, Inc. has determined occurs when the training has taken place and the college or business has submitted requests for reimbursement.

■ **Transferred Investment Income**

As a condition of its grants and in compliance with the Uniform Circular 2 CFR 200.305 as adopted by CareerSource Florida, Inc., all interest above \$500 earned on funds advanced from the State of Florida is due and payable to the State of Florida. At June 30, 2018, the applicable liability due to the State of Florida is included in accrued liabilities in the Statement of Net Position.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position (Continued)

■ **Fund Balance**

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

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because: a) they are not expected to be converted to cash; or b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., board resolution) of the organization’s governing authority (the Board). These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action employed to constrain those amounts. As of June 30, 2018, there are no amounts that are classified as committed fund balance.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund. As of June 30, 2018, there are no amounts that are classified as assigned fund balance.
- **Unassigned**—This classification is used for: a) negative unrestricted fund balances in any governmental fund, or b) fund balances within the General Fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is CareerSource Florida, Inc.’s policy to use restricted resources first.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Assets, Liabilities, and Net Position (Concluded)

■ **Income Taxes**

CareerSource Florida, Inc. is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). CareerSource Florida, Inc. is exempt from state income taxes on related income pursuant to Chapter 220.13 of the Florida Statutes. Therefore, no provision for income taxes has been made in the accompanying financial statements.

As a charitable organization, only unrelated business income, as defined by Section 509(a)(1) of the IRC, is subject to federal income tax. CareerSource Florida, Inc. currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

CareerSource Florida, Inc. files income tax returns in the U.S. Federal jurisdiction. CareerSource Florida, Inc.'s income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

CareerSource Florida, Inc. 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 Florida, Inc.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget Information

GASB requires budgetary comparisons to be presented for the general fund and for each major special revenue fund that has a legally adopted budget. Management has determined that CareerSource Florida, Inc. is not legally required to adopt an operating budget by the Department of Economic Opportunity, Florida Statutes, or any federal regulation. Therefore, no budgetary comparison schedules have been presented.

Prior Period Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a full comparative presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CareerSource Florida, Inc.'s financial statements for the year ended June 30, 2017, from which the summarized information was derived.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Continued)

Note 2 - Deposits

Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These pools collateralize local government deposits and certificates of deposit with participating depositories. CareerSource Florida, Inc.'s demand deposits are placed in such authorized depositories.

Custodial credit risk for deposits is the risk that in the event of a bank failure, CareerSource Florida, Inc.'s deposits may not be returned or CareerSource Florida, Inc. will not be able to recover collateral securities in the possession of an outside party. At June 30, 2018, the carrying amount of CareerSource Florida, Inc.'s deposits was \$17,125,338 and the bank balance of CareerSource Florida, Inc.'s deposits was \$17,298,003. The bank balance was insured up to Federal Deposit Insurance Corporation (FDIC) limits or by collateral held by CareerSource Florida, Inc.'s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the *Florida Security for Deposits Act*, Chapter 280, Florida Statutes.

The *Florida Security for Public Deposits Act* established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral.

Note 3 - Capital Assets

The following is a summary of capital assets at June 30, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Leasehold Improvements	\$ 7,365	\$ 10,140	\$ 0	\$ 17,505
Office Furniture	3,322	219,652	(1,199)	221,775
Office Equipment and Computers	31,153	255,777	(6,295)	280,635
Total	<u>41,840</u>	<u>485,569</u>	<u>(7,494)</u>	<u>519,915</u>
Less Accumulated Depreciation:				
Leasehold Improvements	(7,365)	(1,690)	0	(9,055)
Office Furniture	(3,322)	(20,593)	1,199	(22,716)
Office Equipment and Computers	(28,244)	(26,625)	6,295	(48,574)
Total Accumulated Depreciation	<u>(38,931)</u>	<u>(48,908)</u>	<u>7,494</u>	<u>(80,345)</u>
Capital Assets, Net	<u>\$ 2,909</u>	<u>\$ 436,661</u>	<u>\$ 0</u>	<u>\$ 439,570</u>

Note 4 - Compensated Absences

The following is a summary of compensated absences at June 30, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Compensated Absences	<u>\$ 274,915</u>	<u>\$ 10,372</u>	<u>\$ 0</u>	<u>\$ 285,287</u>

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Continued)

Note 5 - Operating Leases

CareerSource Florida, Inc. leases office facilities and equipment under various operating leases expiring through 2027. Future minimum rental payments under operating leases having remaining terms in excess of one year, are as follows:

Year	Amount
2019	\$ 206,348
2020	211,485
2021	216,826
2022	222,273
2023	227,827
Thereafter	967,180
Total	\$ 2,051,939

Rental expense under the terms of these leases totaled \$151,100 for the year ended June 30, 2018.

Note 6 - Related Party Transactions

State of Florida Department of Economic Opportunity

Receivables of \$2,077,468 due from the State of Florida, Department of Economic Opportunity are included in grants and contracts receivable. Federal and State program revenue received through the State of Florida, Department of Economic Opportunity for the year ended June 30, 2018, was \$14,875,651.

Note 7 - Other Disclosures

Significant Funding Source

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

Risk Management

CareerSource Florida, Inc. is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CareerSource Florida, Inc. has obtained insurance from commercial underwriters for the aforementioned risks, including workers' compensation for the year ended June 30, 2018.

CareerSource Florida, Inc. has not paid any settlements in excess of insurance coverage for each of the past three years. Furthermore, CareerSource Florida, Inc. has no significant reduction in insurance coverage from the prior year.

CAREERSOURCE FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Concluded)

Note 7 - Other Disclosures (Concluded)

Retirement Plan

CareerSource Florida, Inc. participates in a defined contribution retirement plan (the Plan) covering all eligible employees (permanent, full-time employees of CareerSource Florida, Inc.). Employer contributions are determined at the discretion of the Board of CareerSource Florida, Inc. CareerSource Florida, Inc. contributed a total of \$214,286 to the Plan during the fiscal year. Employees are permitted to make contributions up to applicable Internal Revenue Code limits. Employees contributed \$111,387 to the Plan during the fiscal year. Employees are immediately vested in their own contributions and earnings on those contributions. Employees become 100% vested in employer contributions after completing three years of service. For the year ended June 30, 2018, plan forfeitures totaled \$0. Employer and employee contributions owed to the Plan as of June 30, 2018, totaled \$7,322. There were no expenses for the Plan paid for by CareerSource Florida, Inc. during the year ended June 30, 2018. State of Florida employees assigned to CareerSource Florida, Inc. are covered under a retirement plan sponsored by the State of Florida.

Grants

The grant revenue amounts received are subject to audit and adjustment by grantor agencies. If any expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of CareerSource Florida, Inc. In the opinion of management, all grant expenses are in compliance with terms of the grant agreements and applicable Federal and State laws and regulations.

OTHER INFORMATION

CAREERSOURCE FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018
TALLAHASSEE, FLORIDA

Federal Grantor/Pass-through Grantor/ State Grantor/Program Title	Federal CFDA Number	State CFSA Number	Grant Number	Expenditures
FEDERAL AWARDS				
U.S. Department of Labor				
Passed through State of Florida, Department of Economic Opportunity:				
Employment Service/Wagner - Peyser Funded Activities	17.207		N/A	\$ 2,009,836
National Energy Grant	17.277		N/A	371,447
WIOA Implementation Grant	17.281		N/A	136,716
Workforce Innovation Fund Grant	17.283		IF-26344-14-60-A-12	505,030
Apprenticeship USA State Expansion	17.285		N/A	294,400
Workforce Investment Act (WIA) Cluster:				
WIA/WIOA Adult Program	17.258		N/A	1,001,077
WIA/WIOA Youth Activities	17.259		N/A	1,001,077
WIA/WIOA Dislocated Worker Formula Grants	17.278		N/A	1,889,125
<i>Total WIA/WIOA Cluster</i>				<u>3,891,279</u>
U.S. Department of Agriculture				
Passed through State of Florida, Department of Economic Opportunity:				
Food Stamp Employment and Training	10.561		N/A	71,292
U.S. Department of Health and Human Services				
Passed through State of Florida, Department of Economic Opportunity:				
Temporary Assistance for Needy Families	93.558		N/A	<u>434,262</u>
Total Federal Awards				<u>7,714,262</u>

CAREERSOURCE FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Concluded)

Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title	Federal CFDA Number	State CFSA Number	Grant Number	Expenditures
STATE FINANCIAL ASSISTANCE				
State of Florida, Department of Economic Opportunity				
Quick Response Training		40.026	N/A	\$ 6,261,218
Operating		40.026	N/A	300,999
Total State Financial Assistance				<u>6,562,217</u>
State of Florida, Department of Economic Opportunity				
CareerSource Florida Operations		40.036	N/A	<u>607,606</u>
Total State Financial Assistance				<u>7,169,823</u>
Total Federal Awards and State Financial Assistance				<u>\$ 14,884,085</u>

CAREERSOURCE FLORIDA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018
TALLAHASSEE, FLORIDA

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State award activity of CareerSource Florida, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Other Information

CareerSource Florida, Inc. did not utilize the 10% de minimis indirect cost rate during the fiscal year ended June 30, 2018.

The Federal Awards and State Financial Assistance included on the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance were utilized by CareerSource Florida, Inc. as indicated below:

<u>Program</u>	<u>Federal CFDA Number</u>	<u>State CFSA Number</u>	<u>Purpose</u>	<u>Expenditures</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Operations/Special Projects	\$ 71,292
Temporary Assistance for Needy Families	93.558		Operations/Special Projects	434,262
Employment Service/Wagner – Peyser Funded Activities	17.207		Operations/Special Projects	2,009,836
WIA/WIOA Adult Program	17.258		Incumbent Worker Training	587,926
WIA/WIOA Adult Program	17.258		Operations/Special Projects	413,151
WIA/WIOA Youth Activities	17.259		Incumbent Worker Training	587,926
WIA/WIOA Youth Activities	17.259		Operations/Special Projects	413,151
National Energy Grant	17.277		Operations/Special Projects	371,447
WIA/WIOA Dislocated Worker Formula Grant	17.278		Incumbent Worker Training	526,999
WIA/WIOA Dislocated Worker Formula Grants	17.278		Operations/Special Projects	1,362,126
WIOA Implementation	17.281		Operations/Special Projects	136,716
Workforce Innovation Fund Grant	17.283		Operations/Special Projects	505,030
Apprenticeship USA State Expansion	17.285		Operations/Special Projects	294,400
Quick Response Training Operating		40.026	Quick Response Training	6,261,218
State of Florida, Department of Economic Opportunity – Career Source Florida Operations		40.026	Operations	300,999
			Operations/Special Projects	607,606
				<u>\$ 14,884,085</u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

Report on Compliance for Each Major Federal Program and Major State Project

We have audited CareerSource Florida, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of CareerSource Florida, Inc.'s major federal programs and major state projects for the year ended June 30, 2018. CareerSource Florida, Inc.'s major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CareerSource Florida, Inc.'s major federal programs and major state projects 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 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); and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General* of the State of Florida, 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 or a major state project occurred. An audit includes examining, on a test basis, evidence about CareerSource Florida, Inc.'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 and major state project. However, our audit does not provide a legal determination of CareerSource Florida, Inc.'s compliance.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA
(Concluded)

Opinion on Each Major Federal Program and Major State Project

In our opinion, CareerSource Florida, Inc. 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 and major state projects for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of CareerSource Florida, Inc. 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 Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* of the State of Florida, 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 Florida, Inc.'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 or state project 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 or state project 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 or state project 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 and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Accordingly, this report is not suitable for any other purpose.



September 27, 2018
Tallahassee, Florida

CAREERSOURCE FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
JUNE 30, 2018
TALLAHASSEE, FLORIDA

1. Summary of Auditors' Results

Financial Statements

I. Type of Audit Report Issued on Financial Statements

Unmodified opinion

II. Significant Deficiencies and/or Material Weaknesses in Internal Control

Audit disclosed no significant deficiencies in internal control over financial reporting.

III. Noncompliance Material to Auditee Financial Statements

Audit disclosed no material instances of noncompliance.

Federal Awards Programs and State Projects

IV. Significant Deficiencies and/or Material Weaknesses in Internal Control Over Major Federal Awards Programs or State Projects

Audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal award programs or state projects that are required to be reported in the schedule of findings and questioned costs.

V. Type of Audit Report Issued on Compliance with Requirements Applicable to Major Federal Awards Programs and State Projects

Unmodified opinion

VI. Audit Findings Relative to Major Programs and State Projects

The audit disclosed no findings required to be reported under Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*.

VII. Programs Tested as Major Federal Awards Programs and State Projects Included:

■ <u>Federal Programs</u>	<u>CFDA No.</u>
WIA Adult Program	17.258*
WIA Youth Activities	17.259*
WIA Dislocated Worker Formula Grants	17.278*

*Cluster of programs identified by Uniform Guidance.

■ <u>State Projects</u>	<u>CFSA No.</u>
Quick Response Training	40.026
CareerSource Florida, Inc. Operations	40.036

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JUNE 30, 2018
TALLAHASSEE, FLORIDA
(Concluded)

1. Summary of Auditors' Results (Concluded)

Federal Awards Programs and State Projects (Concluded)

VIII. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs and State Projects

Federal Programs: \$750,000

State Projects: \$300,000

IX. Low-risk Auditee

The entity did not qualify as a low-risk auditee pursuant to Uniform Guidance.

2. Findings Related to the Financial Statements Required to be Reported Under Generally Accepted Government Auditing Standards (GAGAS)

The audit disclosed no findings which are required to be reported under GAGAS.

3. Findings and Questioned Costs for Major Federal Awards Programs and State Projects

The audit disclosed no findings for federal awards programs and state projects which are required to be reported under Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*.

4. Status of Prior Audit Findings

There were no prior year findings required to be reported in accordance with Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*.

5. Management Letter

No management letter was issued because there were no items related to major state projects required to be reported in the management letter.

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

Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of CareerSource Florida, Inc. as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CareerSource Florida, Inc.'s basic financial statements, and have issued our report thereon dated September 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CareerSource Florida, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CareerSource Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of CareerSource Florida, Inc.'s internal control.

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

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

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Directors
CareerSource Florida, Inc.
Tallahassee, Florida

**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
(Concluded)**

Compliance and Other Matters

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

Purpose of this Report

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



September 27, 2018
Tallahassee, Florida