

**POLK COUNTY WORKFORCE  
DEVELOPMENT BOARD, INC.  
d/b/a CAREERSOURCE POLK  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(with summarized financial information  
for the fiscal year ended June 30, 2019)**

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**(with summarized financial information**  
**for the fiscal year ended June 30, 2019)**

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# Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280  
Boca Raton, Florida 33431  
(561) 994-9299 • (800) 299-4728  
Fax (561) 994-5823  
www.graucpa.com

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Polk County Workforce Development Board, Inc.  
Bartow, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Polk County Workforce Development Board, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements.

### 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.

### Auditor's 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 January 26, 2021, on our consideration of the Organization'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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

January 26, 2021

## **FINANCIAL STATEMENTS**

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
(with summarized financial information  
for the fiscal year ended June 30, 2019)

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>Current assets:</b>		
Cash	\$ 2,764,007	\$ 1,562,810
Certificates of deposit	110,433	108,264
Grant receivable	214,683	127,690
Prepaid expenses	60,347	89,522
<b>Total current assets</b>	<u>3,149,470</u>	<u>1,888,286</u>
<b>Property and equipment, net</b>	80,707	107,844
<b>Total assets</b>	<u>\$ 3,230,177</u>	<u>\$ 1,996,130</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 89,629	\$ 65,936
Accrued expenses	244,077	320,877
Deferred revenue	1,778,052	516,435
<b>Total current liabilities</b>	<u>2,111,758</u>	<u>903,248</u>
<b>Net Assets without donor restrictions</b>	1,118,419	1,092,882
<b>Total liabilities and net assets</b>	<u>\$ 3,230,177</u>	<u>\$ 1,996,130</u>

See notes to financial statements

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
(with summarized financial information  
for the fiscal year ended June 30, 2019)

	2020	2019
<b>Unrestricted support and revenues</b>		
Grants and contract revenues	\$ 7,977,704	\$ 7,669,587
Event income	25,853	48,800
Lease income	-	17,460
Other income	64,031	2,398
Investment income	5,957	4,963
<b>Total unrestricted support and revenues</b>	8,073,545	7,743,208
 <b>Operating expenses</b>		
Program services	7,460,321	7,149,408
Management and general	587,687	587,291
<b>Total operating expenses</b>	8,048,008	7,736,699
 Change in net assets	25,537	6,509
 <b>Net assets, beginning of year</b>	1,092,882	1,086,373
 <b>Net assets, end of year</b>	\$ 1,118,419	\$ 1,092,882

See notes to financial statements

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**(with summarized financial information**  
**for the fiscal year ended June 30, 2019)**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 25,537	\$ 6,509
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	27,137	27,386
Change in operating assets and liabilities:		
(Increase)/Decrease in:		
Grants receivables	(86,993)	55,790
Prepaid expenses	29,175	(2,364)
Increase/(Decrease) in:		
Accounts payable	23,693	(125,910)
Accrued expenses	(76,800)	197,265
Deferred revenue	1,261,617	291,843
<b>Net cash provided by (used in) operating activities</b>	<b>1,203,366</b>	<b>450,519</b>
 <b>Cash flows from investing activities:</b>		
Redemption/(Purchase) of certificates of deposit	(2,169)	40,846
<b>Net cash provided by (used in) investing activities</b>	<b>(2,169)</b>	<b>40,846</b>
 <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	 1,201,197	 491,365
 <b>Cash and cash equivalents, Beginning of year</b>	 1,562,810	 1,071,445
 <b>Cash and cash equivalents, End of year</b>	 \$ 2,764,007	 \$ 1,562,810

See notes to financial statements



**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – NATURE OF THE ORGANIZATION**

The Polk County Workforce Development Board, Inc. (CareerSource Polk) is a not-for-profit entity which provides guidance, coordinates efforts and exercises oversight with respect to job training, employment programs and economic development in both the private and public sectors. CareerSource Polk was organized to administer such programs within Workforce Region 17 as defined by the State of Florida and other geographical areas as the board of directors may deem appropriate. The State of Florida has defined Workforce Region 17 as the geographic area of Polk County, Florida.

The Organization had the following program services in the fiscal year ended June 30, 2020:

Workforce Innovation and Opportunity Act (WIOA) - WIOA programs provide youth, adults and dislocated workers with the information, advice, job search assistance and training they need to get and keep good jobs and provide employers with skilled workers.

Wagner-Peyser - Wagner-Peyser programs are designed to improve the functioning of the nation's labor markets by bringing together individuals who are seeking employment with employers who are seeking workers.

Unemployment Compensation (UC) – The UC grant is used to administer the program of unemployment compensation insurance for eligible workers through Federal and State cooperation.

Reemployment Services and Eligibility Assessments - The Worker Profiling and Reemployment Services (WPRS) system, mandated by Public Law 103-152 of the Unemployment Compensation Amendments of 1993, is designed to identify and rank or score unemployment insurance claimants by their potential for exhausting their benefits for referral to appropriate reemployment and training services.

Disabled Veterans Outreach Program (DVOP) - DVOP grants are used to develop jobs and job training opportunities for disabled and other veterans and to provide outreach to veterans through community agencies and organizations.

Local Veterans Employment Representative (LVER) – The LVER program provides job development, placement and support services directly to veterans.

Supplemental Nutrition Assistance Program (SNAP) - Florida's Supplemental Nutrition Assistance Program is designed to provide voluntary training, education, support services and skills to food stamp recipients.

Temporary Assistance for Needy Families (TANF) - TANF programs are designed to emphasize work, self-sufficiency, and personal responsibility for welfare recipients and to enable them to move from welfare to work.

Coronavirus Relief Fund (CARES) – The CARES program is designed to provide assistance with housing, utilities, and food to recipients who have been adversely affected by the coronavirus pandemic.

## NOTE 1 – NATURE OF THE ORGANIZATION (Continued)

The following is a schedule of expenditures for the various employment programs for the fiscal year ended June 30, 2020:

WIOA	\$	4,039,246
Wagner-Peyser		172,256
Unemployment compensation		2,225
Reemployment services and eligibility assessments		161,844
Veterans' programs		8,438
Supplemental nutrition assistance program		173,727
Welfare transition / TANF		2,527,497
Coronavirus Relief Fund (CARES)		854,577
Other		3,956
	\$	<u>7,943,766</u>

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Accounting**

The financial statements of CareerSource Polk have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

### **Basis of Presentation**

CareerSource Polk has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities - Presentation of Financial Statements. Under this standard, CareerSource Polk is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. CareerSource Polk has net assets with donor restrictions at June 30, 2020.

The Organization also follows FASB (ASC) 958 regarding accounting for contributions made and received. In accordance with FASB (ASC) 958, contributions received are recorded as with restrictions or without restrictions depending on the existence and/or nature of any donor restrictions.

All assets and liabilities associated with the operation of the Organization are included on the statement of financial position. The costs of providing the various programs and other activities have been summarized in the statement of activities.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the fiscal year ended June 30, 2019, from which the summarized information was derived.

### **Revenue Recognition**

CareerSource Polk recognizes grants, contracts and contributions of cash or other assets as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. Net assets with donor restrictions expire, when a stipulated time restriction ends or the purpose restriction is accomplished. There was no restricted support received in 2020.

CareerSource Polk recognizes revenues from exchange transactions when the service is rendered. Receivables are recognized for outstanding invoices.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Revenue Recognition (Continued)**

Contributed services are recognized if the services received either create or enhance nonfinancial assets, or they require specialized skills and would typically need to be purchased if not donated. Such services are recorded at fair market value or estimated fair market value. No contributed services were recorded in the current or prior year.

### **Accounts Receivable**

CareerSource Polk's accounts receivable mainly consist of amounts receivable from governments and governmental agencies for grants and appropriations. CareerSource Polk considers its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. CareerSource Polk does not charge interest on outstanding accounts receivable.

### **Concentration of Grants**

CareerSource Polk receives substantially all of its support in the form of grants from the United States Departments of Agriculture, Labor and Health and Human Services through the State of Florida Department of Economic Opportunity. During the year ended June 30, 2020 revenue from the State of Florida Department of Economic Opportunity accounted for approximately 99% of total revenue.

### **Deferred Revenue**

Deferred revenue represents grant money which has been received, but for which the prescribed services have not yet been completed. These revenues will be recognized as income when these services are completed.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional bases in the statement of activities. Accordingly, certain costs have been allocated among program services and management and general costs. Such allocations are determined by management on an equitable bases.

The expenses that are allocated include the following:

<b>Expense</b>	<b>Method of allocation</b>
Salaries	FTE Time and Effort
Retirement plan match	FTE Time and Effort
Employee Benefits	FTE Time and Effort
Payroll Taxes	FTE Time and Effort
Legal Services	Admin Indirect
Audit Services	Admin Indirect
Monitoring Services	Admin and Program Indirect
Professional Services	Time and Effort
Payroll Services	FTE
Advertising	Admin Indirect
Office Expenses	FTE
Equipment Expense	FTE
Equipment Rental and Maintenance	FTE
Building Rental and Maintenance	Square Footage and FTE
Telephone	FTE Usage
Travel	Time and Effort
Outreach	Program Indirect
Workshop Expense	Direct Time and Effort
Event Expenses	Direct
Depreciation Expense	100% admin in the general operating fund
Insurance	FTE
Vehicle Expense	Time and Effort
Training	Participant Data for ITA Time and Effort for Staff
Employment Initiative	Participant Data
Supportive Services	Participant Data

### **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.

### **Cash and Cash Equivalents**

For purposes of cash flows, CareerSource Polk considers all deposits with an original maturity date of three months or less to be cash equivalents.

### **Certificates of Deposit**

Certificates are stated at cost. Certificates totaling \$110,433 bear interest at 1.98% and have a three year term.

### **Prepaid Expenses**

Prepaid expenses consist of prepaid insurance, rent and prepaid fuel and retail cards. Unused prepaid fuel and retail cards are recorded as prepaid expenses. These cards are for use in providing assistance to unemployed individuals served by the CareerSource Polk's programs.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Property and Equipment**

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. CareerSource Polk has a policy of capitalizing expenditures for property and equipment with costs greater than \$5,000. Depreciation is provided using the straight-line method over the estimated useful lives of assets. Useful lives for leasehold improvements are fifteen years. All other property and equipment have a useful life of five years. Some of the property and equipment recorded by CareerSource Polk was acquired with Federal funds. Accordingly, certain rules and regulations apply to the acquisition, recording, use and disposition of such fixed assets, including authorization for disposal by the specific grantor agency.

### **Fair Value of Financial Instruments**

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is feasible to estimate that value:

Cash, Certificates of Deposit, Grant Receivable and Accounts Payable – Carrying amount approximates fair value due to the short maturity of these financial instruments.

### **Vacation and Sick Leave**

CareerSource Polk requires all employees to use all paid time off in the year in which it is granted. Therefore there is no liability for accrued compensated absences in the financial statements.

### **Advertising**

Advertising costs are expensed as incurred.

### **Income Taxes**

CareerSource Polk is a not-for-profit organization that is exempt from Federal income taxes under Section 501(c) (3) and, accordingly no provision for income taxes has been made in the accompanying financial statements.

CareerSource Polk follows the guidance in the income tax standard regarding the recognition of uncertain tax positions. The guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax filing that are not certain to be realized.

CareerSource Polk is not aware of any activities that would jeopardize its tax exempt status. CareerSource Polk is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended 2017 to 2019 are open to examination by Federal and State authorities.

### **Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through January 26, 2021, the date financial statements were available to be issued, and has noted no subsequent events requiring disclosure in the financial statements.

### NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents CareerSource Polk’s financial assets at June 30, 2020, reduced by amounts not available for general use within one year of June 30, 2020:

Financial assets at year end:	
Cash	\$ 2,764,007
Certificates of deposit	110,433
Grant receivable	<u>214,683</u>
Total financial assets	3,089,123
Less those unavailable for general expenditure within one year:	-
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 3,089,123</u></u>

CareerSource Polk is substantially supported by restricted contributions. Because a donor’s restrictions require resources to be used in a particular manner or in a future period, CareerSource Polk, must maintain sufficient resources to meet those responsibilities to its donors. Thus, financials assets may not be available for general expenditure within one year. As part of CareerSource Polk’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### NOTE 4 - CONCENTRATION OF CREDIT RISK

CareerSource Polk maintains their cash balances in various bank accounts which, at times, may exceed federally insured limits. CareerSource Polk has not experienced any losses in such accounts.

### NOTE 5 - RETIREMENT PLAN

CareerSource Polk sponsors a 401(k) retirement plan for its employees who have completed six months of service. The Plan allows for a discretionary match contribution up to 5% of compensation. For the year ended June 30, 2020, the amount of discretionary match contributions was \$90,845.

### NOTE 6 - CONTINGENCY

CareerSource Polk is subject to federal and state audits to determine compliance with grant funding requirements. In the event that expenditures would be disallowed, repayment could be required. Government grants require the fulfillment of certain conditions as set forth by applicable laws, rules and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor.

## NOTE 7 - OPERATING LEASES

CareerSource Polk leases office space and equipment under operating leases with varying terms through 2020. Lease expense under all operating leases was \$309,406 for the year ended June 30, 2020. The following is a schedule by years of future minimum rentals under lease agreements at June 30, 2020:

Year ending June 30,	Total
2021	\$ 354,967
2022	375,347
2023	376,916
2024	323,064
2025	323,064
Total	<u>\$ 1,753,358</u>

## NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment balances were the following for the year ending June 30, 2020:

Vehicles	\$ 321,118
Leasehold improvements	293,343
Office equipment	204,053
Computer Equipment	29,095
Office Furniture	9,051
Software	<u>78,882</u>
	935,542
Less accumulated depreciation	<u>(854,835)</u>
	<u>\$ 80,707</u>

Depreciation expense for the year ended June 30, 2020 was \$27,137.

## NOTE 9 - RELATED PARTY TRANSACTIONS

CareerSource Polk's Board of Directors includes representatives of both the private and public sector industries. During the year ended June 30, 2020, CareerSource Polk entered into several contracts with entities with which certain board members are associated for the purpose of providing services to participants. Total payments to these entities during the year ended June 30, 2020 were \$791,678.

## NOTE 10 – EXPENSES BY FUNCTION AND NATURE

Expenses by function and nature for the fiscal year ended June 30, 2020 were as follows:

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 1,997,715	\$ 288,796	\$ 2,286,511
Retirement plan match	77,990	12,855	90,845
Employee Benefits	427,751	49,571	477,322
Payroll Taxes	159,476	24,850	184,326
Legal Services	-	311	311
Audit Services	-	25,000	25,000
Monitoring Services	63,314	25,983	89,297
Professional Services	88,989	2,648	91,637
Payroll Services	138	43,318	43,456
Advertising	-	1,557	1,557
Office Expenses	151,856	28,620	180,476
Equipment Expense	39,324	3,926	43,250
Equipment Rental and Maintenance	20,019	3,676	23,695
Building Rental and Maintenance	281,732	30,327	312,059
Telephone	76,082	6,895	82,977
Travel	22,020	529	22,549
Outreach	348	-	348
Workshop Expense	19,677	166	19,843
Event Expenses	29,147	-	29,147
Depreciation Expense	-	27,137	27,137
Insurance	27,882	9,323	37,205
Vehicle Expense	2,283	-	2,283
Training	1,458,198	2,199	1,460,397
Employment Initiative	1,555,844	-	1,555,844
Supportive Services	960,536	-	960,536
	<u>\$ 7,460,321</u>	<u>\$ 587,687</u>	<u>\$ 8,048,008</u>

## NOTE 11 - RISK MANAGEMENT

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

- Workers' Compensation and Employers' Liability
- General and Professional Liability
- Personal Property Damage
- Directors' and Officers' Liability



**SUPPLEMENTARY INFORMATION**

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>Federal Grantor/Pass-Through Grantor/Program Title/Grant Number</b>	<b>Contract Period</b>	<b>Federal CFDA Number</b>	<b>Contract Number</b>	<b>Federal Expenditures</b>
<b>United States Department of Agriculture:</b>				
Passed through the State of Florida Department of Economic Opportunity:				
Food Stamp, Employment and Training-SNAP	10/1/2018 - 10/31/2019	10.561	FSH19	\$ 43,580
Food Stamp, Employment and Training-SNAP	10/1/2019- 09/30/2020	10.561	FSH20	130,147
Total United States Department of Agriculture				<u>173,727</u>
<b>United States Department of Labor:</b>				
Passed through the State of Florida Department of Economic Opportunity:				
Employment Services Cluster:				
Wagner Peyser PY 2018	7/01/2018 - 9/30/2019	17.207	WPA19	15,451
Wagner Peyser PY 2019	7/1/2019 -9/30/2020	17.207	WPA20	80,228
Wagner Peyser Performance Incentives	6/7/2018 - 9/30/2019	17.207	WPB17	76,577
Total Wagner Peyser				<u>172,256</u>
Disabled Veterans' Outreach Program	10/1/2018 -02/26/2020	17.801	DVP19	3,841
Disabled Veterans' Outreach Program	10/1/2019 -12/31/2020	17.801	DVP20	4,597
Total Disabled Veterans' Outreach Program				<u>8,438</u>
Total Employment Services Cluster				<u>180,694</u>
Unemployment Compensation Program	10/1/2018 -09/30/2019	17.225	UCB19	2,225
RESEA Transition	01/01/2019 -07/31/2020	17.225	UCR19	161,844
Total Reemployment Assistance/Unemployment Compensation Program				<u>164,069</u>
Trade Adjustment Assistance	07/1/2017 - 9/30/2019	17.245	TAC17/TAT17	1,515
Trade Adjustment Assistance	07/01/2019-09/30/2020	17.245	TAC18/TAT18	2,441
Total Trade Adjustment Assistance				<u>3,956</u>
WIOA Cluster:				
WIOA Adult	7/1/2019 - 6/30/2021	17.258	WIA20	1,700,491
WIOA State Level Performance Incentives	6/7/2018 - 12/31/2019	17.258	WIS18	693,452
WIOA State Level Supplement	7/1/2018-12/31/2019	17.258	WIS18	154,498
WIOA State Level Performance Incentives	7/1/2019-12/31/2020	17.258	WIS19	34,538
WIOA State Level	1/1/2019-5/31/2020	17.258	WRS19	51,807
WIOA State Level	7/1/2019-12/31/2020	17.258	WIS19	22,737
WIOA State Level	7/1/2019-12/31/2020	17.258	WIS20	172,222
Total WIOA Adult				<u>2,829,745</u>
WIOA Youth	4/1/2018 - 6/30/2020	17.259	WIY19	241,900
WIOA Youth	4/1/2019- 6/30/2021	17.259	WIY20	708,693
Total WIOA Youth				<u>950,593</u>
WIOA Dislocated Worker	7/1/2018 - 6/30/2020	17.278	WID19	156,445
WIOA Dislocated Worker	7/1/2019- 6/30/2021	17.278	WID20	82,841
WIOA State Level COVID PPE	4/1/2020-12/31/2020	17.278	WIS19	19,622
Total WIOA Dislocated Worker				<u>258,908</u>
Total WIOA Cluster				<u>4,039,246</u>
Total United States Department of Labor				<u>4,387,965</u>

(Continued)

See notes to schedule of expenditures of federal awards

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**(Continued)**

<b>Federal Grantor/Pass-Through Grantor/Program Title/Grant Number</b>	<b>Contract Period</b>	<b>Federal CFDA Number</b>	<b>Contract Number</b>	<b>Federal Expenditures</b>
<b>United States Department of Health and Human Services:</b>				
Passed through the State of Florida Department of Economic Opportunity:				
Temporary Assistance for Needy Families	7/1/2019 - 11/30/2019	93.558	WTS19	1,547,344
Temporary Assistance for Needy Families	10/1/2019 - 8/31/2020	93.558	WTS20	<u>980,153</u>
Total United States Department of Health and Human Services				<u>2,527,497</u>
<b>United States Department of Treasury:</b>				
Passed through United Way of Central Florida:				
Coronavirus Relief Fund (CARES)	5/1/2020 - 7/31/2020	21.019		<u>854,577</u>
Total United States Department of Treasury				<u>854,577</u>
Total Expenditures of Federal Awards				<u><u>\$ 7,943,766</u></u>

See notes to schedule of expenditures of federal awards

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

All Federal grant operations of the Polk County Workforce Development Board, Inc. (CareerSource Polk) are included in the scope of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement in Appendix XI of the Uniform Guidance (Revised September 2019, the "Compliance Supplement"). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted below. This program represents a Federal award Type A program with the fiscal year 2020 cash and noncash expenditures in excess of \$750,000 and ensured coverage of at least 20 percent of Federally granted funds.

The program tested as a major program was:

<u>Federal Program</u>	<u>CFDA No.</u>
WIOA Cluster:	
WIOA Adult	17.258
WIOA Youth	17.259
WIOA Dislocated Worker	17.278
Coronavirus Relief Fund (CARES)	21.019

**NOTE B – RECONCILIATION OF FINANCIAL RECORDS TO THE SUBRECIPIENT ENTERPRISE SOURCE APPLICATION (“SERA”)**

The year-to-date grant expenditure totals reported in CareerSource Polk’s financial statements are reconciled to SERA report totals. Differences between the amounts reported in CareerSource Polk’s financial records and the reported totals in SERA occur frequently, since additional costs from invoices received after the date of the SERA reporting, may be recognized in the financial statements in accordance with CareerSource Polk’s normal month-end closing procedures.

**NOTE C – INDIRECT COST RATE**

CareerSource Polk did not elect to use the 10 percent *de minimis* indirect cost rate.

**NOTE D – FINDINGS OF NONCOMPLIANCE**

See Schedule of Findings for finding of noncompliance identified in connection with the 2020 Federal Single Audit.

## **OTHER REPORTS**



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

Board of Directors  
Polk County Workforce Development Board, Inc.  
Bartow, 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 Polk County Workforce Development Board, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item FS 2020-01 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item FS 2020-01.

The Organization's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 Organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the management, Board of Directors, and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

January 26, 2021



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

To the Board of Directors  
Polk County Workforce Development Board, Inc.  
Bartow, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Polk County Workforce Development Board, Inc.'s (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the fiscal year ended June 30, 2020. The Organization'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Basis for Qualified Opinion on the WIOA cluster (WIOA Adult, WIOA Youth, and WIOA Dislocated Worker)***

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements regarding CFDA 17.258, 17.259, and 17.278 WIOA Adult, Youth, and Dislocated Worker, respectively, as described in finding number UG 2020-01 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to those programs.

***Qualified Opinion on the WIOA cluster (WIOA Adult, WIOA Youth, and WIOA Dislocated Worker)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the WIOA cluster (CFDAs 17.258, 17.259, and 17.278 WIOA Adult, Youth, and Dislocated Worker, respectively) for the year ended June 30, 2020.



### ***Unmodified Opinion on the Other Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance, requirements referred to above that could have a direct and material effect on the other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

### ***Other Matters***

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

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item UG 2020-01, that we consider to be a material weakness.

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

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

January 26, 2021

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**A. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

The auditor's report expresses an unmodified opinion on the financial statements of the Polk County Workforce Development Board, Inc.

Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiency identified?	<i>None reported</i>
Noncompliance material to financial statements noted?	Yes

***Federal Awards***

Internal control over major federal programs:	
• Material weakness identified?	Yes
• Significant deficiency identified?	<i>None reported</i>
Type of auditor's report issued on compliance for major federal programs:	<i>Qualified for WIOA Cluster; Unmodified for CARES</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major federal programs:	
<u>Federal Program</u>	<u>CFDA No.</u>
WIOA Cluster:	
WIOA Adult	17.258
WIOA Youth	17.259
WIOA Dislocated Worker	17.278
Coronavirus Relief Fund (CARES)	21.019
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Material Weakness and Non-Compliance Finding**

**FS 2020-01: Accounting**

Observation: During the course of conducting procedures for the audit, we noted that proper monitoring and reconciling of the Organization's accounting system, supporting schedules and the Subrecipient Enterprise Resource Application system ("SERA") had not been completed, which resulted in numerous adjustments to various account balances, supporting schedules, and SERA during the audit. In addition, the indirect cost rate was not adequately monitored or charged resulting in charging several grants indirect costs above the approved indirect cost rate.

Recommendation: We recommend that the Organization monitor and reconcile its accounting system, supporting schedules and SERA on a fiscal year-to-date basis monthly and make any adjustments on an ongoing basis and before the audit begins. Additionally, we recommend the Organization review its procedures to ensure that the Organization does not charge indirect costs to grants above the approved rate for the period. Further, we recommend that the Organization perform a fiscal year to date indirect cost analysis monthly and request a revision to its approved rate if necessary.

Management Response: CareerSource Polk finance office will monitor and reconcile the accounting system, supporting schedules and the Subrecipient Enterprise Resource Application (S.E.R.A.) system on a monthly basis. We have proper procedures in place that is performed monthly to determine the ICR rate for the month for the indirect cost reallocation to ensure all funding get the same percentage. This procedure also alerts us of the over or under recovery however, the percentage may be over one month or under the next and would not be feasible to request a new rate every month that it is over. DEO recommends the request for a higher rate be requested by March if needed but we will continue monitoring monthly.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS**

**UG 2020-01: Indirect costs charged over the approved rate**

*Information on the Federal Program:* United States Department of Labor passed through the State of Florida Department of Economic Opportunity:

WIOA Cluster:

<u>CFDA Number</u>	<u>Program Name</u>	<u>FAIN</u>	<u>Program Year</u>
17.259	WIOA - Youth	AA322101855A12	2018
17.278	WIOA - Dislocated Worker	AA322101855A12	2018
17.259	WIOA - Youth	AA332231955A12	2019
17.258	WIOA - Adult	AA332231955A12	2019
17.278	WIOA - Dislocated Worker	AA332231955A12	2019
17.278	WIOA - State Level	AA322101855A12	2018

Welfare Transition:

<u>CFDA Number</u>	<u>Program Name</u>	<u>FAIN</u>	<u>Program Year</u>
93.558	Welfare Transition Program	G1901FLTANF	2018
93.558	Welfare Transition Program	G1901FLTANF	2019
93.558	Welfare Transition Program	G2001FLTANF	2019

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS (Continued)**

**Finding 2020-01: Indirect costs charged over the approved rate (Continued)**

*Compliance Requirement: Allowable Costs/Cost Principles*

*Type of Finding: Material Noncompliance and Material Weakness in Internal Control Over Compliance*

*Criteria:* §200.332(a)(4), requires that every subaward of federal funds from a pass-through entity to a sub-recipient must include an indirect cost rate. On March 11, 2020, CareerSource Polk entered into a negotiated indirect cost rate agreement with the Florida Department of Economic Opportunity which provided for a provisional indirect cost rate for the period from July 1, 2019 to June 30, 2021 of 14.69%. Florida Department of Economic Opportunity administrative policy number 86 states “indirect costs can only be charged to an award based on an approved indirect cost rate” and “Any amounts drawn above those authorized by the indirect rate methodology are unallowable”.

*Condition:* For the year ended June 30, 2020, CareerSource Polk charged indirect costs above the negotiated provisional indirect cost rate of 14.69% to certain subawards of federal funds.

*Cause:* CareerSource Polk charged indirect costs based on its actual indirect cost rate for the fiscal year ended June 30, 2020. A decrease in the actual modified total direct costs for several programs for the April 1, 2020 to June 30, 2020 period due to limitations on program services during the COVID pandemic without a corresponding decrease to indirect costs during the same period caused the actual rate to be higher than the provisional rate.

*Effect:* As a result, CareerSource Polk over charged federal awards by the amount of questioned costs below.

*Questioned Costs:*

WIOA Cluster:	\$69,261
Welfare Transition:	\$45,171

*Context:* CareerSource Polk’s total actual indirect costs for the year ended June 30, 2020 were approximately, \$989,900.

*Recommendation:* CareerSource Polk should ensure that it only charges federal awards up to the negotiated rate and should do a fiscal year to date analysis of indirect costs monthly. If the analysis shows that the provisional rate will not be sufficient to cover actual indirect costs an increase in the provisional rate should be negotiated with the Florida Department of Economic Opportunity.

*Responsible Official’s Response and Corrective Action Planned:* We submitted a final Indirect Cost Rate Proposal to Florida Department of Economic Opportunity on November 1, 2020. We received notification January 24, 2021 of approval for a final indirect rate of 16.67% for the period July 1, 2019-June 30, 2020 subject to a satisfactory reconciliation of the Statement of Total cost to expenditures on the audited financial statements and a provisional indirect cost rate of 16.67% of modified total direct cost for the period July 1, 2020-June 30, 2022.

*Planned Implementation Date of Corrective Action:* Immediately upon the receipt of the ICRP Transmittal Letter and NICR Agreement from DEO.

**POLK COUNTY WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS (Continued)**

**Finding 2020-01: Indirect costs charged over the approved rate (Continued)**

*Person Responsible for Corrective Action:* Stacy Campbell-Domineck, President/CEO and  
Brenda Fewox, VP of Finance

**D. OTHER ISSUES**

No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal awards programs.