

**BIG BEND JOBS AND EDUCATION COUNCIL, INC.  
D/B/A CAREERSOURCE CAPITAL REGION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
 CAREERSOURCE CAPITAL REGION  
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**Powell & Jones**  
Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Big Bend Jobs and Education Council, Inc.  
d/b/a CareerSource Capital Region

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Big Bend Jobs and Education Council, Inc., d/b/a CareerSource Capital Region (CareerSource Capital Region) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CareerSource Capital Region's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

CareerSource Capital Region's 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 respective financial position of the governmental activities and the major fund of Big Bend Jobs and Education Council, Inc., d/b/a CareerSource Capital Region, as of June 30, 2018 and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CareerSource Capital Region's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2018 on our consideration of CareerSource Capital Region's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CareerSource Capital Region's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones  
Certified Public Accountants

November 9, 2018

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

Management is pleased to offer the following assessment of the operations of Big Bend Jobs and Education Council, Inc. d/b/a CareerSource Capital Region ("CareerSource Capital Region") for the year ended June 30, 2018.

**Financial Highlights**

The assets of CareerSource Capital Region exceeded its liabilities at June 30, 2018 by \$255,736. Approximately 20% of this total, or \$52,880 is invested in capital assets.

**Overview of Financial Statements**

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

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

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

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

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

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

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

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
 CAREERSOURCE CAPITAL REGION  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2018**

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

The basic governmental fund financial statements can be found on pages 10-11 of this report.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents a General Fund Budgetary Schedule on page 22 of this report and a Schedule of Expenditures of Federal Awards on pages 24-25. This Schedule of Expenditures of Federal Awards lists all Federal grants awarded to CareerSource Capital Region and the related expenditures for the fiscal year ended June 30, 2018.

**Government-wide Financial Analysis**

**Net Position**

|                                   | 2018       | 2017       |
|-----------------------------------|------------|------------|
| Current assets                    | \$ 804,504 | \$ 854,136 |
| Capital assets, net               | 52,880     | 42,452     |
| Total assets                      | 857,384    | 896,588    |
|                                   |            |            |
| Long-term liabilities outstanding | 45,398     | 46,252     |
| Other liabilities                 | 556,250    | 552,124    |
| Total liabilities                 | 601,648    | 598,376    |
|                                   |            |            |
| Investment in capital assets      | 52,880     | 42,452     |
| Unrestricted                      | 202,856    | 255,760    |
| Net Position                      | \$ 255,736 | \$ 298,212 |

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**Changes in Net Position**

|                                       | 2018         | 2017         |
|---------------------------------------|--------------|--------------|
| <b>Program Revenues</b>               |              |              |
| Operating grants and contributions    | \$ 6,376,724 | \$ 5,778,775 |
| Capital grants and contributions      | 25,022       | -            |
| Total program revenues                | 6,401,746    | 5,778,775    |
| <b>General Revenues</b>               |              |              |
| Other                                 | 20,057       | 49,712       |
| Total revenues                        | 6,421,803    | 5,828,487    |
| <b>Expenses</b>                       |              |              |
| Training, retraining and readjustment | 6,464,279    | 5,831,089    |
| Change in net position                | (42,476)     | (2,602)      |
| Net position, beginning of year       | 298,212      | 300,814      |
| Net position, end of year             | \$ 255,736   | \$ 298,212   |

**Governmental Activities**

The governmental activities generated \$6,376,724 in program revenues, \$20,057 of general revenues, and incurred \$6,464,279 of program expenses. This resulted in a decrease in net position of \$(42,476). This net decrease is comprised of a decrease \$27,882 from operations and a decrease from depreciation expense of \$14,594. This change is not unexpected since the Organization is funded almost exclusively from cost reimbursement government grants.

**General Fund**

The fund balance of the General Fund has decreased by \$(53,910) from \$310,175 to \$256,265. \$53,409 of the fund balance is assigned for the payment of compensated absences. There are no other restrictions, commitments or other limitations that significantly affect the availability of fund resources for future use.

**Budgetary Highlights**

- **General Fund.** The original budget was based on funding projections and included all funding expected to be available. During the year, the budget is amended as funding commitments are received. Finally, the final budgets are reduced for estimates of amounts to be carried forward to subsequent years. During the year, the General Fund budgeted expenditures increased by \$451,316. Budgeted expenditures exceeded actual expenditures by \$1,124,642.

**Capital Asset Administration**

CareerSource Capital Region's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$52,880 (net of accumulated depreciation). Additional information on CareerSource Capital Region's capital assets can be found in Note III B to the financial statement on page 18.



### **Request for Information**

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

Big Bend Jobs and Education Council, Inc. d/b/a CareerSource Capital Region  
325 John Knox Road  
Atrium Building, Suite 102  
Tallahassee, Florida 32303

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

|                                       | <u><b>ASSETS</b></u>       | <u>Governmental<br/>Activities</u> |
|---------------------------------------|----------------------------|------------------------------------|
| Current assets                        |                            |                                    |
| Cash and cash equivalents             |                            | \$ 337,140                         |
| Grant, contract and other receivables |                            | 460,974                            |
| Prepaid items                         |                            | 6,390                              |
|                                       |                            | <u>804,504</u>                     |
| Capital assets, net of depreciation   |                            | 52,880                             |
| Total Assets                          |                            | <u>\$ 857,384</u>                  |
|                                       |                            |                                    |
|                                       | <u><b>LIABILITIES</b></u>  |                                    |
| Current liabilities                   |                            |                                    |
| Accounts payable and accrued expenses |                            | \$ 475,149                         |
| Unearned revenue and due to grantor   |                            | 73,090                             |
| Noncurrent liabilities                |                            |                                    |
| Accrued compensated absences:         |                            |                                    |
| Due within one year                   |                            | 8,011                              |
| Due in more than one year             |                            | 45,398                             |
| Total liabilities                     |                            | <u>601,648</u>                     |
|                                       |                            |                                    |
|                                       | <u><b>NET POSITION</b></u> |                                    |
| Net investment in capital assets      |                            | 52,880                             |
| Unrestricted                          |                            | 202,856                            |
| Total net position                    |                            | <u>\$ 255,736</u>                  |

See notes to financial statements.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

|  | <u>Expenses</u>     | <u>Operating Grants<br/>and Contributions</u> | <u>Capital Grants</u> | <u>Net (Expense)<br/>Revenue and<br/>Changes in Net<br/>Position<br/>Governmental<br/>Activities</u> |
|--|---------------------|---|-----------------------|--|
| <b>Functions/Programs</b>              |                     |   |                       |  |
| Governmental activities:               |                     |   |                       |  |
| Training, retraining, and readjustment | \$ 6,464,279        | \$ 6,376,724                                  | \$ 25,022             | \$ (62,533)  |
| Total governmental activities          | <u>\$ 6,464,279</u> | <u>\$ 6,376,724</u>                           | <u>\$ 25,022</u>      | <u>\$ (62,533)</u>   |
| General revenues:                      |                     |   |                       |  |
| Other                                  |                     |   |                       | 20,057   |
| Change in net position                 |                     |   |                       | <u>(42,476)</u>  |
| Net position, beginning of year        |                     |   |                       | 298,212  |
| Net position, end of year              |                     |   |                       | <u>\$ 255,736</u>  |

See notes to financial statements.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION**

**GOVERNMENTAL FUND  
BALANCE SHEET  
JUNE 30, 2018**

|   | <u>General Fund</u> |
|---|---------------------|
| <b>ASSETS</b>   |                     |
| Cash and cash equivalents   | \$ 337,140          |
| Grant, contract, and other receivables  | 460,974             |
| Prepaid items   | 6,390               |
| Total Assets  | <u>804,504</u>      |
| <br><b>LIABILITIES AND FUND BALANCE</b>   |                     |
| Liabilities:  |                     |
| Accounts payable and accrued expenses   | 475,149             |
| Unearned revenue and due to grantor   | 73,090              |
| Total Liabilities   | <u>548,239</u>      |
| <br>Fund Balance:   |                     |
| Nonspendable  | 6,390               |
| Assigned for compensated absence liability  | 53,409              |
| Unassigned  | 196,466             |
| Total Fund Balance  | <u>256,265</u>      |
| <br>Amounts reported for governmental activities in the<br>statement of net position are different because:                         |                     |
| Capital assets used in governmental<br>activities are not financial resources<br>and, therefore, are not reported in the funds.     | 52,880              |
| Compensated absence liabilities are not due and<br>payable in the current period and , therefore, are not<br>reported in the funds. | <u>(53,409)</u>     |
| Net position of governmental activities   | <u>\$ 255,736</u>   |

See notes to financial statements.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION**

**GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

|  | <u>General Fund</u>   |
|--|-----------------------|
| <b>Revenues</b>                            |                       |
| Grants and other contracts                 | \$ 6,401,746          |
| Other                                      | 20,057                |
| Total revenues                             | <u>6,421,803</u>      |
| <br><b>Expenditures</b>                    |                       |
| Personnel and benefits                     | 1,219,467             |
| Travel                                     | 41,316                |
| Communication and utilities                | 276,072               |
| Printing and supplies                      | 116,419               |
| Rent                                       | 645,739               |
| Direct program                             | 3,529,573             |
| Insurance                                  | 18,044                |
| Professional fees                          | 104,067               |
| Advertising                                | 79,001                |
| Repairs and maintenance                    | 242,846               |
| Other                                      | 178,147               |
| Capital outlay                             | 25,022                |
| Total expenditures                         | <u>6,475,713</u>      |
| <br><b>Net change in fund balance</b>      | <br>(53,910)          |
| <br><b>Fund balance, beginning of year</b> | <br>310,175           |
| <br><b>Fund balance, end of year</b>       | <br><u>\$ 256,265</u> |

See notes to financial statements.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION**

**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENTS OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

|  |                           |
|--|---------------------------|
| Net change in fund balance of governmental fund  | \$ (53,910)               |
| Governmental funds report capital outlays as expenditures;<br>however, in the statement of activities, the cost of those assets<br>is allocated over their estimated useful lives and reported as<br>depreciation expense: | 25,022                    |
| Depreciation expense   | (14,594)                  |
| Some expenses reported in the statement of activities do not require<br>the use of current financial resources and, therefore are not reported<br>as expenditures in governmental funds:                                   |                           |
| Decrease in compensated absences   | 1,006                     |
| Change in net position of governmental activities  | <u><u>\$ (42,476)</u></u> |

See notes to financial statements.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

I. Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of Big Bend Jobs and Education Council, Inc., d/b/a CareerSource Capital Region (CareerSource Capital Region), which affect significant elements of the accompanying basic financial statements:

**A. Description of government-wide financial statements**

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

**B. Reporting entity**

CareerSource Capital Region is a nonprofit corporation established to provide for enhanced coordination, cooperation, and outcomes by and between the several entities, both public and private, which are involved at the local level in providing youth and adults with opportunities to develop and continuously upgrade their knowledge and skills in order to advance economically and socially throughout their lifetime, and in providing employers with the skilled workforce necessary to be competitive in local, state, national and/or international markets. CareerSource Capital Region was created to fulfill the duties and responsibilities provided for by the Workforce Investment Act (WIA) of 1998-Title 1, superseded by the Workforce Innovation and Opportunity Act of 2014 (WIOA), and the State of Florida Workforce Innovation Act of 2000 for the Region 5 Local Workforce Investment Area which is comprised of Gadsden, Leon and Wakulla counties. The governing board of CareerSource Capital Region consists of thirty-seven members who are appointed by state and local officials.

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

**C. Basis of presentation – government-wide financial statements**

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

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**I. Summary of Significant Accounting Policies: (Continued)**

**D. Basis of presentation – fund financial statements**

The fund financial statements provide information about CareerSource Capital Region's general fund. CareerSource Capital Region reports one governmental fund:

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

**E. Measurement focus and basis of accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues are reported as general revenues.

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

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



**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**I. Summary of Significant Accounting Policies: (Continued)**

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

**1. Deposits and Investments**

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

**2. Prepaid items**

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

**3. Capital assets**

Capital assets acquired by CareerSource Capital Region are considered to be owned by CareerSource Capital Region. However, funding sources may maintain an equitable interest in the capital assets purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

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

**4. Long-term obligations**

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

**5. Use of estimates**

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

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**I. Summary of Significant Accounting Policies: (Continued)**

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

**6. Compensated Absences**

Eligible employees accrue vacation and sick leave at varying rates based upon length of employment. The maximum amount of accumulated vacation that an employee may be paid for is 160 hours. An employee with less than five years of continuous employment will not be paid for sick leave. An employee with five to ten years of continuous employment will be paid 10% of their accumulated sick benefits at 100% of their current base salary. An employee with more than ten years of continuous employment will be paid for 25% of their accumulated sick benefits at 100% of their current base salary.

Vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

**7. Grant, Contract and Other Receivables**

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

**8. Net position flow assumption**

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

**9. Fund balance flow assumptions**

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

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**I. Summary of Significant Accounting Policies: (Continued)**

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

**10. Fund balance policies**

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

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

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

**G. Revenues and expenditures/expenses**

**1. Revenue sources**

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

**2. Advertising**

Advertising costs are charged to operations as incurred. In the year ended June 30, 2018 advertising cost were \$79,001.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**II. Detailed Notes of All Funds:**

**A. Deposits**

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, CareerSource Capital Region's deposits may not be returned. At year end, the carrying amount of deposits was \$337,140 and the bank balance was \$372,864. Of the bank balance, \$250,000 was insured up to Federal Deposit Insurance Corporation ("FDIC") Limits.

**B. Capital Assets**

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

\$14,594 of depreciation expense was allocated to the training program during the year ended June 30, 2018.

|                               | Balance<br>July 1,<br>2017 | Increases          | Decreases   | Balance<br>June 30,<br>2018 |
|-------------------------------|----------------------------|--------------------|-------------|-----------------------------|
| Furniture and equipment       | \$ 265,701                 | \$ 25,022          | \$ -        | \$ 290,723                  |
| Vehicles                      | 289,725                    | -                  | -           | 289,725                     |
| Leasehold improvements        | 26,433                     | -                  | -           | 26,433                      |
|                               | <u>581,859</u>             | <u>25,022</u>      | <u>-</u>    | <u>606,881</u>              |
| Less accumulated depreciation | (539,407)                  | (14,594)           | -           | (554,001)                   |
| Capital assets, net           | <u>\$ 42,452</u>           | <u>\$ (14,594)</u> | <u>\$ -</u> | <u>\$ 52,880</u>            |

**C. Operating Leases**

CareerSource Capital Region has entered into copier lease agreements, expiring in March 2020 and building leases expiring October 2027. For the year ended June 30, 2018, rental expense under the terms of these leases totaled \$645,739, net of subleases of \$47,510. Future minimum lease payments under these leases are as follows:

| Year Ending<br>June 30, | Minimum<br>Payments |
|-------------------------|---------------------|
| 2019                    | \$ 542,032          |
| 2020                    | 470,049             |
| 2021                    | 440,446             |
| 2022                    | 333,439             |
| 2023                    | 305,046             |
| 2024-2027               | 1,037,562           |
|                         | <u>\$ 3,128,574</u> |

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**II. Detailed Notes of All Funds: (Continued)**

**D. Long-term Debt**

*Changes in Long-term Liabilities.* Long-term liability activity for the year ended June 30, 2018, was as follows:

|                         | <u>Balance<br/>July 1,<br/>2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance<br/>June 30,<br/>2018</u> | <u>Due Within<br/>One Year</u> |
|-------------------------|-------------------------------------|------------------|------------------|--------------------------------------|--------------------------------|
| Governmental activities |                                     |                  |                  |                                      |                                |
| Compensated absences    | \$ 54,415                           |                  | \$ (1,006)       | \$ 53,409                            | \$ 8,011                       |

**E. Defined Contribution Plan**

CareerSource Capital Region sponsors a defined contribution 401(k) profit sharing plan which covers substantially all employees. The amount of pension plan expense for the year ended June 30, 2018 was \$65,710.

**F. Unearned Revenue**

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the June 30, 2018 unearned revenue from grant drawdowns made prior to meeting all eligibility requirements was \$64,458. Amounts due back to grantors were \$8,632.

**G. Related Parties**

Certain board members provide services either directly or indirectly to CareerSource Capital Region. A description and the amount of the services provided as well as the amount due as of June 30, 2018 is as follows:

|                                 | <u>Amount Paid</u> | <u>Amount Due</u> |
|---------------------------------|--------------------|-------------------|
| Economic development assistance | \$ 18,500          | \$ 7,000          |
| Direct services                 | 89,759             | 30                |
| Rent and utilities              | 19,963             | -                 |
|                                 | <u>\$ 128,222</u>  | <u>\$ 7,030</u>   |

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

III. **Other Information:**

**A. Risk Management**

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

- Personal Property
- Public Officials' Liability

**B. Income Taxes**

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

CareerSource Capital Region files Form 990 information returns in the U.S. Federal jurisdiction. CareerSource Capital Region's information returns for the past three years are subject to examination by tax authorities and may change upon examination.

CareerSource Capital Region 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 Capital Region.

**C. Contingencies**

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

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**III. Other Information: (Continued)**

**D. Significant Funding Source**

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

**E. Subsequent Events**

CareerSource Capital Region has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 20, 2018, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**F. Matching Requirements**

Certain grants and contracts require CareerSource Capital Region to provide specified amounts of matching revenue. For each contract, where applicable, CareerSource Capital Region has met all matching requirements.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION**

**GOVERNMENTAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| <b>General Fund</b>                    |                         |                   |                   | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|-------------------|---|
|  | <b>Budgeted Amounts</b> |                   | <b>Actual</b>     |   |
|  | <b>Original</b>         | <b>Final</b>      |                   |   |
| <b>Revenues</b>                        |                         |                   |                   |   |
| Grants and other contracts             | \$ 7,136,039            | \$ 7,562,439      | \$ 6,401,746      | \$ (1,160,693)  |
| Other                                  | 13,000                  | 37,916            | 20,057            | (17,859)  |
| <b>Total revenues</b>                  | <u>7,149,039</u>        | <u>7,600,355</u>  | <u>6,421,803</u>  | <u>\$ (1,178,552)</u>   |
| <b>Expenditures</b>                    |                         |                   |                   |   |
| Personnel and benefits                 | 1,318,500               | 1,318,500         | 1,219,467         | 99,033  |
| Travel                                 | 51,000                  | 51,000            | 41,316            | 9,684   |
| Communication and utilities            | 340,000                 | 340,000           | 276,072           | 63,928  |
| Printing and supplies                  | 130,500                 | 145,500           | 116,419           | 29,081  |
| Rent                                   | 623,539                 | 644,939           | 645,739           | (800)   |
| Direct program                         | 4,169,000               | 4,559,000         | 3,529,573         | 1,029,427   |
| Insurance                              | 22,000                  | 22,000            | 18,044            | 3,956   |
| Professional fees                      | 91,000                  | 91,000            | 104,067           | (13,067)  |
| Advertising                            | 85,000                  | 85,000            | 79,001            | 5,999   |
| Repairs and maintenance                | 252,000                 | 252,000           | 242,846           | 9,154   |
| Other                                  | 66,500                  | 91,416            | 178,147           | (86,731)  |
| Capital outlay                         | -                       | -                 | 25,022            | (25,022)  |
| <b>Total expenditures</b>              | <u>7,149,039</u>        | <u>7,600,355</u>  | <u>6,475,713</u>  | <u>1,124,642</u>  |
| <b>Net change in fund balance</b>      | -                       | -                 | (53,910)          | (53,910)  |
| <b>Fund balance, beginning of year</b> | 310,175                 | 310,175           | 310,175           | -   |
| <b>Fund balance, end of year</b>       | <u>\$ 310,175</u>       | <u>\$ 310,175</u> | <u>\$ 256,265</u> | <u>\$ (53,910)</u>  |

See notes to the required supplementary information.



**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**A. Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

The Organization generally follows these procedures in establishing the budgetary data for the general fund as reflected in the financial statements:

1. Prior to June 30, the Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted following preliminary examination and revision of the proposed operating budget by the Board.
3. After public hearings and necessary revisions have been completed, the budget is approved.
4. The legal level of budgetary control is the fund level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**B. Excess of Appropriations Over Expenditures**

Appropriations were greater than expenditures in the General Fund.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| Federal Grantor/Pass-Through Grantor<br>Program Title   | Federal<br>CFDA<br>Number | Award Number        | Expenditures     | Pass-Through<br>to<br>Subrecipients |
|---|---------------------------|---------------------|------------------|-------------------------------------|
| <b>Federal Awards</b>   |                           |                     |                  |                                     |
| <b>U.S. Department of Justice Office on Violence Against Women</b>  |                           |                     |                  |                                     |
| <b>Passed through Refuge House, Inc.</b>  |                           |                     |                  |                                     |
| Transitional Housing Assistance for Victims of Sexual Assault, Domestic Violence,<br>Dating Violence and Stalking | 16.736                    | 2010-WH-AX-0034     | \$ 4,567         | \$ 2,699                            |
| <b>U.S. Department of Labor</b>   |                           |                     |                  |                                     |
| H-1B Job Training Grants  | 17.268                    | HG-26654-15-60-A-12 | 254,777          | -                                   |
| <b>Passed through State of Florida, Department of Economic Opportunity</b>  |                           |                     |                  |                                     |
| Employment Service Cluster:   |                           |                     |                  |                                     |
| Wagner-Peyser Funded Activities   | 17.207                    | WPA17               | 50,034           | 9,391                               |
| Wagner-Peyser Funded Activities   | 17.207                    | WPA18               | 163,089          | 30,609                              |
| Wagner-Peyser Performance Incentives  | 17.207                    | WPB16               | 109,158          |                                     |
| Wagner-Peyser Performance Incentives  | 17.207                    | WPB18               | 30,275           |                                     |
| Disabled Veterans' Outreach Program (DVOP)  | 17.801                    | DVP17               | 10,784           | -                                   |
| Disabled Veterans' Outreach Program (DVOP)  | 17.801                    | DVP18               | 18,251           | -                                   |
| Local Veterans Employment Representative  | 17.804                    | LVR17               | 6,701            | -                                   |
| Local Veterans Employment Representative  | 17.804                    | LVR18               | 14,251           | -                                   |
| Total Employment Service Cluster  |                           |                     | <u>402,543</u>   | <u>40,000</u>                       |
| Unemployment Insurance  | 17.225                    | UCB17               | 4,147            | -                                   |
| Unemployment Insurance  | 17.225                    | UCB17               | 1,430            |                                     |
| Reemployment Assistance Program   | 17.225                    | UCB18               | 11,195           | 10,000                              |
|   |                           |                     | <u>16,772</u>    | <u>10,000</u>                       |
| Workforce Innovation and Opportunities Act (WIOA) Cluster:  |                           |                     |                  |                                     |
| WIOA Adult  | 17.258                    | WIA17               | 374,301          | 329,170                             |
| WIOA Adult  | 17.258                    | WIA18               | 905,114          | 795,981                             |
| WIOA - Supplemental State Level   | 17.258                    | WIS17               | 38,990           | -                                   |
| WIOA Youth Activities   | 17.259                    | WIY17               | 378,187          | 236,029                             |
| WIOA Youth Activities   | 17.259                    | WIY18               | 1,407,655        | 878,528                             |
| WIOA - Supplemental State Level   | 17.258                    | WIS17               | 38,990           | -                                   |
| WIOA Dislocated Worker Formula Grants   | 17.278                    | WID17               | 824,223          | 33,471                              |
| WIOA Dislocated Worker Formula Grants   | 17.278                    | WID18               | 361,930          | 14,697                              |
| WIOA - Supplemental State Level   | 17.258                    | WIS17               | 47,796           | -                                   |
| WIOA - State Level Rural Initiatives  | 17.278                    | WRS16               | 43,966           | -                                   |
| Total WIOA Cluster  |                           |                     | <u>4,421,152</u> | <u>2,287,876</u>                    |
| <b>Total U.S. Department of Labor</b>   |                           |                     | <u>5,095,244</u> | <u>2,337,876</u>                    |

(Continued)

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)**

| Federal Grantor/Pass-Through Grantor<br>Program Title                                      | Federal<br>CFDA<br>Number | Award Number | Expenditures        | Pass-Through<br>to<br>Subrecipients |
|--|---------------------------|--------------|---------------------|-------------------------------------|
| <b>Federal Awards</b>  |                           |              |                     |                                     |
| <b>U.S. Department of Agriculture</b>  |                           |              |                     |                                     |
| <b>Passed through State of Florida, Department of Economic Opportunity</b>                 |                           |              |                     |                                     |
| State Administration Matching Grants for the Supplemental Nutrition and Assistance Program | 10.561                    | FSH17        | \$ 19,968           | \$ 11,081                           |
| State Administration Matching Grants for the Supplemental Nutrition and Assistance Program | 10.561                    | FSH18        | <u>112,492</u>      | <u>62,427</u>                       |
|  |                           |              | <u>132,460</u>      | <u>73,508</u>                       |
| <b>U.S. Department of Commerce National Oceanic and Atmospheric Administration (NOAA)</b>  |                           |              |                     |                                     |
| <b>Passed through State of Florida, Department of Economic Opportunity</b>                 |                           |              |                     |                                     |
| Apalachicola Bay Fishery Disaster Recovery   | 11.452                    | ABFCM        | <u>37,002</u>       | <u>-</u>                            |
| <b>U.S. Department of Health and Human Services</b>  |                           |              |                     |                                     |
| <b>Passed through State of Florida, Department of Economic Opportunity</b>                 |                           |              |                     |                                     |
| Temporary Assistance for Needy Families  | 93.558                    | WTS17        | 308,723             | 149,857                             |
| Temporary Assistance for Needy Families  | 93.558                    | WTS18        | <u>823,750</u>      | <u>399,856</u>                      |
|  |                           |              | <u>1,132,473</u>    | <u>549,713</u>                      |
|  |                           |              | <u>\$ 6,401,746</u> | <u>\$ 2,963,796</u>                 |

See notes to Schedule of Expenditures of Federal Awards.

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

**(1) Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal awards activity of Big Bend Jobs and Education Council, Inc. d/b/a CareerSource Capital Region under programs of the federal government for the year ended June 30, 2018 in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Big Bend Jobs and Education Council, Inc. d/b/a CareerSource Capital Region it is not intended to and does not present the financial position, changes in net assets, or cash flows of Big Bend Jobs and Education Council, Inc. d/b/a CareerSource Capital Region.

**(2) Summary of Significant Accounting Policies:**

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

**(3) De Minimis Indirect Cost Rate Election:**

Big Bend Jobs and Education Council, Inc. d/b/a CareerSource Capital Region has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

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

To the Board of Directors  
Big Bend Jobs and Education Council, Inc.  
d/b/a CareerSource Capital Region

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Big Bend Jobs and Education Council, Inc., d/b/a CareerSource Capital Region ("CareerSource Capital Region") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CareerSource Capital Region's basic financial statements, and have issued our report thereon dated November 9, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal

control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones  
Certified Public Accountants

November 9, 2018

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

To the Board of Directors,  
Big Bend Jobs and Education Council, Inc.  
d/b/a CareerSource Capital Region

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

We have audited Big Bend Jobs and Education Council, Inc., d/b/a CareerSource Capital Region (CareerSource Capital Region) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of CareerSource Capital Region's major federal programs for the year ended June 30, 2018. CareerSource Capital Region's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, CareerSource Capital Region complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

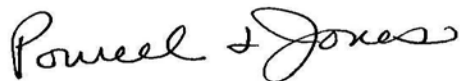
Management of CareerSource Capital Region is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CareerSource Capital Region's internal control over compliance with the types of requirements that could have a direct and material effect on

each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CareerSource Capital Region's internal control over compliance.

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

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

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

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones  
Certified Public Accountants

November 9, 2018



**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
 CAREERSOURCE CAPITAL REGION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2018**

**I. Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

|   |       |     |       |   |      |
|---|-------|-----|-------|---|------|
| ●Material weakness(es) identified?                    | _____ | Yes | _____ | X | No   |
| ●Significant deficiency(ies) identified?              | _____ | Yes | _____ | X | None |
| Noncompliance material to financial statements noted? | _____ | Yes | _____ | X | No   |

*Federal Awards*

Internal control over financial reporting:

|  |       |     |       |   |      |
|--|-------|-----|-------|---|------|
| ●Material weakness(es) identified?       | _____ | Yes | _____ | X | No   |
| ●Significant deficiency(ies) identified? | _____ | Yes | _____ | X | None |

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

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?

|  |       |     |       |   |    |
|--|-------|-----|-------|---|----|
|  | _____ | Yes | _____ | X | No |
|--|-------|-----|-------|---|----|

Identification of major federal awards programs:

| <u>Federal Program</u>                                    | <b>Federal CFDA<br/>Number</b> |
|---|--------------------------------|
| Workforce Innovation and Opportunities Act (WIOA) Cluster |                                |
| Adult   | 17.258                         |
| Youth   | 17.259                         |
| Dislocated Worker   | 17.278                         |

(Continued)

**BIG BEND JOBS AND EDUCATION COUNCIL, INC. D/B/A  
CAREERSOURCE CAPITAL REGION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2018  
(Continued)**

**I. Summary of Auditor's Results (Continued)**

Dollar threshold used to distinguish between type A and type B

Federal programs:

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes

       No

**II. Financial Statement Findings:**

None.

**III. Federal Award Findings and Questioned Costs:**

None.

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

Big Bend Jobs and Education Council, Inc. d/b/a CareerSource Capital Region performed timely reconciliations between the general ledger accounting system and the Department of Economic Opportunity's Subrecipient Enterprise Resource Application (SERA).

**V. Federal Award Summary Schedule of Prior Year Findings:**

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