

**WORKFORCE ADVANTAGE  
ACADEMY, INC.**

A Charter School and Component Unit of the District  
School Board of Orange County, Florida

**INDEPENDENT AUDITOR'S REPORT**

*for the fiscal year ended JUNE 30, 2019*

***King & Walker, CPAs, PL***

---

*Certified Public Accountants*

**THIS PAGE IS INTENTIONALLY BLANK.**

# WORKFORCE ADVANTAGE ACADEMY, INC.

## TABLE OF CONTENTS

	<b>PAGE NO.</b>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis – (Unaudited)	3
Basic Financial Statements	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Notes to Financial Statements	14
Other Required Supplementary Information	
Budgetary Comparison Schedule – General Fund - (Unaudited)	23
Note to Required Supplementary Information	24
<b>COMPLIANCE AND INTERNAL CONTROL</b>	
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 <i>Governmental Auditing Standards</i>	25
Management Letter as required by Rules of the Florida Auditor General, Chapter 10.850, Florida Statutes, <i>Charter School Audits</i> .	27
Current Year Findings and Management's Response	29

## **Independent Auditor's Report**

To the Board of Workforce Advantage Academy, Inc.  
a Charter School and Component Unit of the  
District School Board of Orange County, Florida

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Workforce Advantage Academy, Inc. ("School"), a charter school and component unit of the District School Board of Orange County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 School'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 School'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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2019, and the respective changes in financial position thereof for the year 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 the Management's Discussion and Analysis, the Budgetary Comparison Schedule and the Note to Required Supplementary Information, as shown 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 historic 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 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2019 on our consideration of the School'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 the School's internal control over financial reporting and compliance.

Respectfully submitted,

Handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 17, 2019  
Tampa, Florida

## **WORKFORCE ADVANTAGE ACADEMY, INC.**

*A Charter School and Component Unit of the District School Board of Orange County, Florida*

### **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

---

The Management's Discussion and Analysis (MD&A) section of the annual financial report of the Workforce Advantage Academy, Inc. ("School") provides an overview of the School's activities for the fiscal year ended June 30, 2019.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to financial statements found in the table of contents.

#### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ended June 30, 2019, the School's expenses exceeded revenues as shown on the School's statement of activities by \$77,252.
- For the fiscal year ended June 30, 2019, the School's General Fund balance and Capital Projects Fund balance as shown on the Balance Sheet – Governmental Funds was \$235,990 and \$11,363, respectively.
- The School's total Net Position showed a balance of \$621,422 at June 30, 2019.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- ✓ Government-wide financial statements
- ✓ Fund financial statements
- ✓ Notes to financial statements

#### **Government-Wide Financial Statements**

The government-wide financial statements provide both short-term and long-term information about the School's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the School presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the School. The statement of activities presents information about the change in the School's net position and the results of operations, during the fiscal year. An increase or decrease in net position is an indication of whether the School's financial health is improving or deteriorating. To assess the overall financial position of the School, one needs to consider additional non-financial factors such as changes in the School student base funding level.

# **WORKFORCE ADVANTAGE ACADEMY, INC.**

*A Charter School and Component Unit of the District School Board of Orange County, Florida*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

---

### **Fund Financial Statements**

Fund financial statements are one of the components of the basic 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. Fund financial statements provide more detailed information about the School's financial activities, focusing on its most significant funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide financial statements.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. The financial resources measurement focus allows the governmental fund financial statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year.

The governmental financial fund statements provide a detailed short-term view that may be used to evaluate the School's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the School's most significant funds. The School operates two funds; a General Fund and a Capital Projects Fund. The School has elected to show each fund as a major fund.

The School adopts an annual budget for its governmental funds. A budgetary comparison schedule, as required, has been provided for the General Fund to demonstrate compliance with the budget.

### **Notes to Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

## WORKFORCE ADVANTAGE ACADEMY, INC.

*A Charter School and Component Unit of the District School Board of Orange County, Florida*

### MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the School's current year and prior year net position:

	Net Position, End of Year		
	Governmental Activities		Increase (Decrease)
	6-30-18	6-30-19	
<b>ASSETS</b>			
Current and Other Assets	\$ 705,148	\$ 333,648	\$ (371,500)
Capital Assets, net	150,110	374,069	223,959
Total Assets	855,258	707,717	(147,541)
<b>LIABILITIES</b>			
Current and Other Liabilities	156,584	86,295	(70,289)
Total Liabilities	156,584	86,295	(70,289)
<b>NET POSITION</b>			
Net Investment in Capital Assets	150,110	374,069	223,959
Restricted for Capital Projects	4,840	11,363	6,523
Unrestricted	543,724	235,990	(307,734)
Total Net Position	\$ 698,674	\$ 621,422	\$ (77,252)

The largest component of the School's current assets is Cash & Cash Equivalents totaling \$282,922 or 85% of total current assets. The School's liabilities consists of salaries and benefits payable and accrued expenses. Total Net Position amounted to \$621,422 which included an Unrestricted Net Position balance of \$235,990.



## WORKFORCE ADVANTAGE ACADEMY, INC.

*A Charter School and Component Unit of the District School Board of Orange County, Florida*

### MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)

The following is a summary of the School's change in net position for the current year and prior year:

	Operating Results for the Year		
	Governmental Activities		
	6-30-18	6-30-19	Increase (Decrease)
<b>Revenues:</b>			
State Sources	\$ 1,872,362	\$ 2,010,943	\$ 138,581
Local and Other	84,004	34,377	(49,627)
Total Revenues	<u>1,956,366</u>	<u>2,045,320</u>	<u>88,954</u>
<b>Expenses:</b>			
Instruction	949,411	974,052	24,641
Board of Education	7,000	7,000	-
General Administration	83,498	85,841	2,343
School Administration	584,871	582,025	(2,846)
Fiscal Services	36,669	56,248	19,579
Food Service	2,233	-	(2,233)
Transportation	29,804	31,325	1,521
Operation of Plant	172,989	380,791	207,802
Maintenance of Plant	13,294	5,290	(8,004)
Total Expenses	<u>1,879,769</u>	<u>2,122,572</u>	<u>242,803</u>
<b>Increase/(Decrease) in Net Position</b>	<u>\$ 76,597</u>	<u>\$ (77,252)</u>	<u>\$ (153,849)</u>

The largest revenue source for the School is the State of Florida (98%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula and Charter School Capital Outlay funds. Both sources utilize student enrollment data to determine the funds available for the School.

The largest concentration of expenses is in Instruction which represents 46% of total expenses. Operation in Plant expenses increased due to the School moving to a new facility and due to the increased costs associated with the new facility.

## **WORKFORCE ADVANTAGE ACADEMY, INC.**

*A Charter School and Component Unit of the District School Board of Orange County, Florida*

### **MANAGEMENT'S DISCUSSION AND ANALYSIS - (Unaudited)**

---

#### **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

##### **Governmental Funds**

As the School completed the year, its governmental funds reported a combined fund balance of \$247,353.

#### **BUDGETARY HIGHLIGHTS**

The general fund budget for the fiscal year ended June 30, 2019, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School revised its general fund budget several times. For the fiscal year ended June 30, 2019, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule for additional information.

#### **CAPITAL ASSETS**

The School's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$374,069 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment and leasehold improvements. Additional information regarding the School's capital assets can be found in the notes to the financial statements.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School's administrative offices at 2210 South Rio Grande Avenue, Orlando, FL 32805.

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

*June 30, 2019*

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 282,922
Accounts Receivable	6,216
Due From Other Agencies	11,363
Prepaid Expense & Deposits	33,147
Capital Assets:	
Leasehold Improvements, Net	335,342
Furniture, Fixtures, and Equipment, Net	<u>38,727</u>
Total Capital Assets, Net	<u>374,069</u>
<b>TOTAL ASSETS</b>	<u><u>707,717</u></u>
<b>LIABILITIES</b>	
Salaries & Benefits Payable	84,925
Accrued Expenses	<u>1,370</u>
<b>TOTAL LIABILITIES</b>	<u><u>86,295</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	374,069
Restricted for Capital Projects	11,363
Unrestricted	<u>235,990</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 621,422</u></u>

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

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2019*

		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 974,052	\$ -	\$ -	\$ -	\$ (974,052)
Board of Education	7,000				(7,000)
General Administration	85,841				(85,841)
School Administration	582,025				(582,025)
Fiscal Services	56,248				(56,248)
Transportation	31,325				(31,325)
Operation of Plant	380,791			127,090	(253,701)
Maintenance of Plant	5,290				(5,290)
Total Governmental Activities	\$ 2,122,572	\$ -	\$ -	\$ 127,090	(1,995,482)
General Revenues:					
State Sources					1,883,853
Local and Other					34,377
Total General Revenues					1,918,230
Change in Net Position					(77,252)
Net Position - July 1, 2018					698,674
Net Position - June 30, 2019					\$ 621,422

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

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

***BALANCE SHEET - GOVERNMENTAL FUNDS***  
***June 30, 2019***

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 282,922	\$ -	\$ 282,922
Accounts Receivable	6,216		6,216
Due From Other Agencies		11,363	11,363
Prepaid Expenses & Deposits	33,147		33,147
Total Assets	<u>\$ 322,285</u>	<u>\$ 11,363</u>	<u>\$ 333,648</u>
<b>LIABILITIES</b>			
Salaries & Benefits Payable	\$ 84,925	\$ -	\$ 84,925
Accrued Expenses	1,370		1,370
Total Liabilities	<u>86,295</u>	<u>-</u>	<u>86,295</u>
<b>FUND BALANCES</b>			
Nonspendable	33,147		33,147
Restricted for Capital Projects		11,363	11,363
Unassigned	202,843		202,843
Total Fund Balances	<u>235,990</u>	<u>11,363</u>	<u>247,353</u>
Total Liabilities and Fund Balances	<u>\$ 322,285</u>	<u>\$ 11,363</u>	<u>\$ 333,648</u>

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

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

*June 30, 2019*

<b>Total Fund Balances - Governmental Funds</b>	\$ 247,353
---	------------

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	<u>374,069</u>
---	----------------

<b>Total Net Position - Governmental Activities</b>	<u><u>\$ 621,422</u></u>
---	--------------------------

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

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*For the Fiscal Year Ended June 30, 2019*

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Intergovernmental:			
State Sources	\$ 1,883,853	\$ 127,090	\$ 2,010,943
Local and Other	34,377		34,377
Total Revenues	<u>1,918,230</u>	<u>127,090</u>	<u>2,045,320</u>
<b>Expenditures</b>			
Current - Education:			
Instruction	958,081		958,081
Board of Education	7,000		7,000
General Administration	85,841		85,841
School Administration	579,120		579,120
Fiscal Services	56,248		56,248
Transportation	31,325		31,325
Operation of Plant	221,375	120,567	341,942
Maintenance of Plant	5,290		5,290
Fixed Capital Outlay:			
Facilities	245,462		245,462
Other Capital Outlay	36,222		36,222
Total Expenditures	<u>2,225,964</u>	<u>120,567</u>	<u>2,346,531</u>
Net Change in Fund Balances	(307,734)	6,523	(301,211)
Fund Balances, July 1, 2018	543,724	4,840	548,564
Fund Balances, June 30, 2019	<u>\$ 235,990</u>	<u>\$ 11,363</u>	<u>\$ 247,353</u>

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

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
*For the Fiscal Year Ended June 30, 2019*

**Net Change in Fund Balances - Governmental Funds** \$ (301,211)

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount of capital outlays (\$281,684) in excess of depreciation expense (\$57,725) in the current period.

223,959

**Change in Net Position - Governmental Activities**

\$ (77,252)

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



**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A Charter School and Component Unit of the District School Board of Orange County, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

➤ **Reporting Entity**

Workforce Advantage Academy, Inc. (School) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors, which is comprised of five members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Orange County School Board, Florida, (“District”). The current charter is effective until June 30, 2024, and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units which should be reported within the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

➤ **Basis of Presentation**

**Government-wide Financial Statements** - Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A Charter School and Component Unit of the District School Board of Orange County, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund Financial Statements - Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliation is presented with each of the governmental fund financial statements.

The School's major governmental funds are as follows:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Capital Projects Fund – to account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

➤ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. 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 recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

➤ **Cash and Cash Equivalents**

Cash and cash equivalents are defined as demand deposits and money market accounts. The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash and cash equivalents.

The School's deposits are placed with banks and savings and loans qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

➤ **Capital Assets**

Expenditures for capital assets acquired or constructed for general School purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the School as those costing more than \$750. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3 - 7 years
Leasehold Improvements	5 years

➤ **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

➤ **Net Position and Fund Balance Classification**

*Government-wide Financial Statements*

Net Position are classified and reported in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributed to the acquisition or improvement of those assets.
- Restricted Net Position – consists of net position with constraints placed on their use either by external groups such as creditors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned). All nonspendable fund balances at year end relate to assets that are in nonspendable form.
- Restricted – fund balance that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- Committed – fund balance that can be used only for the specific purposes determined by a formal action of the School’s Board of Governance.
- Assigned – fund balance that is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed.
- Unassigned – fund balance that is the residual amount for the School’s general fund and includes all spendable amounts not contained in the other classifications.

➤ **Order of Fund Balance Spending Policy**

The School’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A Charter School and Component Unit of the District School Board of Orange County, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

➤ **Revenue Sources**

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent students and related data to the District.

Under provisions of Section 1011.62, Florida Statutes, the District reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent (FTE) students reported by the School during designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the fiscal year ended June 30, 2019, the School reported 259.59 unweighted and 259.7972 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A Charter School and Component Unit of the District School Board of Orange County, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

The School receives federal or state awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal or state awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent or construction of school facilities. The School also receives funding through donations and fundraising efforts, school lunch sales and local property tax collections.

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

A schedule of revenue sources for the current year is presented in a subsequent note.

➤ **Income Taxes**

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related note to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

➤ **Use of Estimates**

In preparing the financial statements in conformity with generally accepted accounting principles in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and affect revenues and expenditures for the period presented. Actual results could differ from those estimates.

➤ **Subsequent Events**

Management has evaluated all events subsequent to the balance sheet date and through the report date, which is the date these financial statements were available to be issued. The School signed a five year lease for a new location and in addition signed a five year agreement for the lease of four portable classrooms. Management determined there are no other subsequent events which require disclosure.

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A Charter School and Component Unit of the District School Board of Orange County, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**2. CASH DEPOSITS**

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by Federal depository insurance and/or collateralized with securities held in Florida’s multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

**3. DUE FROM OTHER AGENCIES**

The amount reported as due from other agencies in the accompanying statement of net position and balance sheet – governmental funds includes \$11,363 in capital outlay funds receivable from the District. As indicated in Note 1, the funds received under the capital outlay program are based on the School’s actual and projected student enrollment during each fiscal year and are restricted in use for lawful capital outlay expenditures. Based on collectability of funds from these sources, an allowance for doubtful accounts is not considered necessary.

**4. CHANGES IN CAPITAL ASSETS**

Changes in capital assets are presented in the table below.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 128,729	\$ -	\$(128,729)	\$ -
Total Capital Assets Not Being Depreciated	<u>128,729</u>	<u>-</u>	<u>(128,729)</u>	<u>-</u>
Capital Assets Being Depreciated:				
Leasehold Improvements	154,774	374,191	(154,774)	374,191
Furniture, Fixtures and Equipment	243,449	36,222	-	279,671
Total Capital Assets Being Depreciated	<u>398,223</u>	<u>410,413</u>	<u>(154,774)</u>	<u>653,862</u>
Less Accumulated Depreciation for:				
Leasehold Improvements	(154,774)	(38,849)	154,774	(38,849)
Furniture, Fixtures and Equipment	(222,068)	(18,876)	-	(240,944)
Total Accumulated Depreciation	<u>(376,842)</u>	<u>(57,725)</u>	<u>154,774</u>	<u>(279,793)</u>
Governmental Activities Capital Assets, net	<u>\$ 150,110</u>	<u>\$ 352,688</u>	<u>\$(128,729)</u>	<u>\$ 374,069</u>

Depreciation expense was charged to functions as follows:

<u>Governmental Activities</u>	<u>Amount</u>
Instruction	\$ 15,971
School Administration	2,905
Operation of Plant	38,849
Total Depreciation Expense	<u>\$ 57,725</u>

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A Charter School and Component Unit of the District School Board of Orange County, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**5. RESTRICTED FUND BALANCE & NET POSITION**

The School has established a restricted net position and a restricted Capital Projects fund balance to restrict those funds that are to be used for capital outlay purposes pursuant to the Florida Department of Education’s capital outlay funding requirements totaling \$11,363 as of June 30, 2019.

**6. SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the School’s State revenue:

Source	Amount
Florida Education Finance Program	\$ 1,109,372
Class Size Reduction Allocation	235,994
Special Millage	171,692
Charter School Capital Outlay	127,090
Discretionary Millage	115,692
Transportation	99,376
Supplementary Academic Instruction	61,300
ESE Guaranteed Allocation	36,931
Instructional Materials	20,329
Safe Schools	14,277
Reading Allocation	10,384
Mental Health Allocation	5,874
FL Teachers Classroom Supply Assistance	1,800
Discretionary Lottery	832
Total State Revenue	\$ 2,010,943

As provided in the charter school contract, the District has charged the School an administrative fee totaling \$85,841.

**7. FACILITY LEASE**

The School entered into a 5 year operating lease for its educational facility through July 2024. The agreement requires monthly payments with an annual increase in rent by the increase in CPI, but in no event in excess of 4% per annum. The lease requires the School to pay for insurance and other costs. Rent expense under this lease agreement for the year ended June 30, 2019 totaled \$99,000.

The School also entered into two lease agreements for modular buildings through June 2024. Total rent expense charged to operations for the year ended June 30, 2019 totaled \$32,178.



**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**8. RISK MANAGEMENT PROGRAMS**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**9. FUNDING AND CREDIT CONCENTRATIONS**

The School receives substantially all of its support and revenue from federal, state and local funding sources, passed through the District, in the form of performance and budget based contracts. Continuing operation of the School is greatly dependent upon the continued support of these governmental agencies.

**10. COMMITMENTS AND CONTINGENT LIABILITIES**

The School participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables at June 30, 2019, may be impaired. In the opinion of the School, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**11. LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. The School has no legal actions or pending proceedings in progress.

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**DISTRICT SCHOOL BOARD OF ORANGE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - (Unaudited)**  
*For the Fiscal Year Ended June 30, 2019*

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental:				
State Sources	\$ 1,727,718	\$ 1,883,853	\$ 1,883,853	\$ -
Local and Other	15,702	34,377	34,377	-
Total Revenues	1,743,420	1,918,230	1,918,230	-
<b>Expenditures:</b>				
Current - Education:				
Instruction	876,581	958,081	958,081	-
Board of Education	7,000	7,000	7,000	-
General Administration	81,288	85,841	85,841	-
School Administration	518,677	579,120	579,120	-
Fiscal Services	34,261	56,248	56,248	-
Transportation	20,000	31,325	31,325	-
Operation of Plant	92,205	221,375	221,375	-
Maintenance of Plant	3,000	5,290	5,290	-
Fixed Capital Outlay:				
Facilities	-	245,462	245,462	-
Other Capital Outlay	-	36,222	36,222	-
Total Expenditures	1,633,012	2,225,964	2,225,964	-
Net Change in Fund Balance	110,408	(307,734)	(307,734)	-
Fund Balance, July 1, 2018	543,724	543,724	543,724	-
Fund Balance, June 30, 2019	\$ 654,132	\$ 235,990	\$ 235,990	\$ -

See Independent Auditor's Report

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A Charter School and Component Unit of the District School Board of Orange County, Florida**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2019**

**1. BUDGETARY BASIS OF ACCOUNTING**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g., instruction, pupil personnel services and school administration). Budgets may be amended by resolution at any Board meeting prior to the date for the annual report.

---

**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***

To the Board of Directors of the Workforce Advantage Academy, Inc.,  
a Charter School and Component Unit of the  
District School Board of Orange County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Workforce Advantage Academy, Inc. ("School"), a charter school and component unit of the District School Board of Orange County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 17, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 the School's financial statements are free from material misstatement, we performed tests of 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 that are required to be reported under *Government Auditing Standards*. However, we noted two items we considered other matters that are discussed on Page 29 and 30.

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

Respectfully submitted,

A handwritten signature in black ink that reads "King & Walker, CPAs". The signature is written in a cursive, flowing style.

September 17, 2019  
Tampa, Florida

Members:  
Florida Institute of CPAs  
American Institute of CPAs  
Government Audit Quality Center

2803 W. Busch Blvd Ste 106  
Tampa, FL 33618  
office (813) 892-4274 fax (813) 932-1913  
www.KingandWalker.com

---

**Management Letter as Required by Rules of the Florida Auditor General,  
Chapter 10.850, Florida Statutes, *Charter School Audits***

To the Board of Directors of the Workforce Advantage Academy, Inc.,  
a Charter School and Component Unit of the  
District School Board of Orange County, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Workforce Advantage Academy, Inc. (“School”), a Charter School and Component Unit of the District School Board of Orange County, Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 17, 2019.

**Auditor’s Responsibility**

We conducted our audit 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 Chapter 10.850, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 17, 2019, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings or recommendations.

**Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are Workforce Advantage Academy Charter, 480074.

## **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Additional Matters**

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Matters to be disclosed are reported in the Schedule of Findings and Responses on Pages 29 and 30.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and District School Board of Orange County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



September 17, 2019  
Tampa, Florida

**WORKFORCE ADVANTAGE ACADEMY, INC.**  
**A Charter School and Component Unit of the District School Board of Orange County, Florida**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2019**

**Finding  
Number**

2019-01

**Purchasing Procedures** – Section 287.057, Florida Statutes, requires contracts of \$35,000 or more to be awarded through a formal bidding process that calls for invitations to bid to be issued, evaluated, and selected prior to the award. During our audit, it was noted that the School entered into several contracts over the bid threshold for improvements to the new educational facility. Although requested, we were not provided with documentation demonstrating that the award of these contracts were made pursuant to Section 287.057, Florida Statutes. The process of procuring services or goods through a formal bidding process is essential in assuring the services or goods are obtained at a competitive pricing along with acceptable quality for the services to be provided. We recommend the School establish procedures that will ensure compliance with the procurement process outlined in Section 287.057, Florida Statutes.

***Management's Response –***

The school is subject to section 287.057 described above and follows this requirement. However, due to an extraordinary circumstance, the school was not able to adhere to this requirement for certain contracted services related to conditioning the Schools new facility. The school was notified on April 1, 2018 by its landlord the facility lease held since inception in 2004 would not be renewed. Once notified, management searched for a replacement location which was secured on June 19, 2018. The School then had 55 days to identify needed improvements, pursue vendors, obtain estimates, schedule work, obtain permits, complete necessary improvements, obtain the required certificate of occupancy and ready the School suitable for operations on August 13, 2018. The normal bidding process for contracts over \$35,000 would include preparing a formal request for proposal, sending out invitations to vendors to solicit proposals, provide the vendors a reasonable response period followed by a formal evaluation of the proposals before final selection. Due to the extremely limited time frame to open the school, this process was abbreviated to ensure the deadline was met at a reasonable cost. There were three invoices which did not following the normal bidding process:

1. Replace flooring: \$54,384
2. Engineering and electrical: \$41,310
3. Handicap ramps: \$ 77,250

Management believes this circumstance was an isolated instance and will continue to follow Section 287.057 as required.



**WORKFORCE ADVANTAGE ACADEMY, INC.**

**A Charter School and Component Unit of the District School Board of Orange County, Florida**

**SCHEDULE OF FINDINGS AND RESPONSES (continued)**

**June 30, 2019**

**Finding  
Number**

2019-02

**Improper use of credit card** – Good business practices and sound internal control procedures require monitoring the use of the School’s credit card to ensure purchases are authorized and serve an appropriate School purpose. During our audit, we noted several personal charges made using the School’s credit card. The School has established a receivable to recover the personal charges. The balance owed as of June 30, 2019 amounted to \$3,352. We recommend the School establish procedures for prior approval to purchase goods and services and implement procedures to monitor the use of the School’s credit card, ensuring that only allowable expenses are incurred.

***Management’s Response*** –

The CEO has a separate credit card the School uses in his personal name which he has provided for the School to use. He assigned a member of management to be a user of this credit card so it could be used to purchase goods and services for the School. The Schools accounting system monitors each transaction on this credit card and identified certain charges which were personal to the other member of management. Those charges were segregated and accounted for as due from the individual. The School is not legally responsible for any activity on this card and it is not liable for payment. Management has implemented a process to mitigate the risk of unapproved purchases being made on this credit card.