

**WORKFORCE ESCAROSA, INC.  
DBA CAREERSOURCE ESCAROSA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
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**JUNE 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Workforce Escarosa, Inc. dba CareerSource Escarosa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Workforce Escarosa, Inc. dba CareerSource Escarosa (CareerSource Escarosa) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CareerSource Escarosa's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of CareerSource Escarosa as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, 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.

### *Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 December 9, 2021, on our consideration of CareerSource Escarosa'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 Escarosa's internal control over financial reporting and compliance.

*Warren Averett, LLC*

Pensacola, Florida  
December 9, 2021

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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**General Information**

Management is pleased to offer the following assessment of the operations of CareerSource Escarosa for the fiscal year ended June 30, 2021.

**Financial Highlights**

The liabilities of CareerSource Escarosa exceeded its assets at June 30, 2021, by \$38,345.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to CareerSource Escarosa's basic financial statements. CareerSource Escarosa'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 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 Escarosa's finances in a manner similar to 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 Escarosa'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 Escarosa is improving or deteriorating.

The statement of activities presents information showing how the organization'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 the cash flows. Thus, revenue and expenses reported in this statement for some items 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 6-7 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. CareerSource Escarosa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. CareerSource Escarosa maintains one governmental fund, which is the General 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 an organization's near-term financing requirements.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

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**Governmental Funds – Continued**

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 governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 8-11 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 12-20 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards, which can be found on pages 21-22 of this report. This schedule lists all Federal grants awarded to CareerSource Escarosa and the related expenditures for the fiscal year ended June 30, 2021.

**Government-Wide Financial Analysis**

At the end of the current fiscal year, the CareerSource Escarosa reports a negative balance in net position. CareerSource Escarosa reported a positive balance in net position in the prior fiscal year. CareerSource Escarosa's program revenues decreased by approximately \$1,800,000 from 2020 program revenues. The primary cause of this decrease was attributed to the decrease in funding related to dislocated workers programs, which was a result of a decreased need for services due to the COVID-19 Pandemic.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Program revenues:		
Operating grants and contributions	\$ 4,179,819	\$ 5,958,091
General revenues:		
Other revenue	1,487	9,194
Total revenues	4,181,306	5,967,285
<b>EXPENSES</b>		
Training, retraining, re-adjustment	4,400,581	5,812,677
<b>CHANGE IN NET POSITION</b>	(219,275)	154,608
<b>NET POSITION, BEGINNING OF YEAR</b>	180,930	26,322
<b>NET POSITION, END OF YEAR</b>	\$ (38,345)	\$ 180,930
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current and other assets	\$ 708,385	\$ 508,368
Capital assets	181,363	259,940
Total assets	889,748	768,308
<b>LIABILITIES</b>		
Accounts payable, accrued expenses and unearned revenue	928,093	587,378
Total liabilities	928,093	587,378
<b>NET POSITION</b>		
Unrestricted	(38,345)	180,930
<b>TOTAL NET POSITION</b>	\$ (38,345)	\$ 180,930

**Capital Assets**

CareerSource Escarosa's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$181,363 (net of accumulated depreciation). This investment in capital assets includes computer equipment, office equipment, furniture and fixtures.

**Request for Information**

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

CareerSource Escarosa, Inc.  
6913 North 9<sup>th</sup> Avenue  
Pensacola, Florida 32505

## **BASIC FINANCIAL STATEMENTS**



**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<b><u>Governmental Activities</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 472,328
Grant and contract receivables	198,006
Prepays	38,051
Capital assets, net of accumulated depreciation	<u>181,363</u>
<b>TOTAL ASSETS</b>	889,748
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	318,581
Unearned revenue	460,219
Deferred lease liability	<u>149,293</u>
<b>TOTAL LIABILITIES</b>	<u>928,093</u>
<b>NET POSITION</b>	
Unrestricted	<u>(38,345)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ (38,345)</u></u>

See notes to the financial statements.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Program Revenues</b>		
	<b>Expenses</b>	<b>Operating Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position Governmental Activities</b>
<b>FUNCTIONS/PROGRAMS</b>			
Governmental activities:			
Training, retraining and re-adjustment	\$ 4,400,581	\$ 4,179,819	\$ (220,762)
General revenues:			
Other			1,487
<b>CHANGE IN NET POSITION</b>			(219,275)
<b>NET POSITION, BEGINNING OF YEAR</b>			180,930
<b>NET POSITION, END OF YEAR</b>			<u>\$ (38,345)</u>

See notes to the financial statements.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**BALANCE SHEET – GENERAL FUND**  
**JUNE 30, 2021**

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**ASSETS**

Cash and cash equivalents	\$ 472,328
Grant and contract receivables	198,006
Prepaid items	<u>38,051</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 708,385</u></b>
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**LIABILITIES AND FUND BALANCE**

Liabilities	
Accounts payable and accrued expenses	\$ 264,240
Unearned revenue	<u>460,219</u>

Total liabilities	724,459
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Fund Balance	
Nonspendable	38,051
Unassigned	<u>(54,125)</u>

Total fund balance	<u>(16,074)</u>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 708,385</u></b>
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See notes to the financial statements.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

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Fund balance, total governmental funds		\$	(16,074)
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental depreciable assets	343,887		
Less: accumulated depreciation	<u>(162,524)</u>		
			181,363
Long-term liabilities are not due and payable in the current period.			
Compensated absences	(54,341)		
Deferred lease liability	<u>(149,293)</u>		
			<u>(203,634)</u>
Net position of governmental activities		\$	<u><u>(38,345)</u></u>

See notes to the financial statements.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE- GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**REVENUES**

Grants and contracts	\$ 4,179,819
Other revenues	<u>1,487</u>
Total revenues	4,181,306

**EXPENDITURES**

Current	
Program services	3,644,055
Administrative and general	<u>636,890</u>
Total expenditures	<u>4,280,945</u>

<b>NET CHANGE IN FUND BALANCE</b>	(99,639)
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<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>83,565</u>
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<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ (16,074)</u></u>
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See notes to the financial statements.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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Net change in fund balance – governmental funds	\$	(99,639)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds do not report capital assets on the balance sheet; however, they are reported in the government-wide financial statements. Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated over the estimated useful lives of the assets.

Current year depreciation		(78,577)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences	13,631		
Change in deferred lease liability	(54,690)		
			(41,059)

Change in net position of governmental activities	\$	(219,275)
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See notes to the financial statements.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Organization**

CareerSource Escarosa was formed in 1996 as a Florida not-for-profit corporation to develop workforce skills to meet current and future demands in Escambia and Santa Rosa Counties. Workforce development prepares individuals for work through secondary and post-secondary education, employer-sponsored training for incumbent workers and special public programs for the poor and unemployed. CareerSource Escarosa receives its funding from federal and state grants passed primarily through the Florida Department of Economic Opportunity.

The following is a summary of the more significant accounting policies and practices of CareerSource Escarosa, which affect significant elements of the accompanying financial statements:

**Government-Wide and Fund Financial Statements**

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

**Reporting Entity**

The accounting policies adopted by CareerSource Escarosa 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 Escarosa (the primary government). There were no entities that required inclusion as a component unit within CareerSource Escarosa's financial statements.

**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.

*Fund financial statements* – The fund financial statements provide information about CareerSource Escarosa's governmental fund:

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

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.

When both restricted and unrestricted resources are available for use, it is CareerSource Escarosa's policy to use restricted resources first, then unrestricted resources as they are needed.

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 Escarosa considers revenues to be available if they are collected within 60 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 and compensated absences, which are recorded as expenditures only when payment is due.

CareerSource Escarosa'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.

**Assets, Liabilities and Net Position or Fund Balance**

***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 purchased within three months of maturity are considered to be cash equivalents.

***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.



**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Fund Balance – Continued**

***Capital Assets***

Capital assets acquired by CareerSource Escarosa are considered to be owned by CareerSource Escarosa. 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 acquisition value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to seven years.

***Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

***Deferred Lease Liability***

In the government-wide financial statements, CareerSource Escarosa recognizes expenses for operating leases containing artificially low payments on a straight-line basis over the term of the lease, creating a long-term liability in the early stages of the lease, which reverses over time. In the fund financial statements, CareerSource Escarosa recognizes expenditures for operating leases of all kinds to the extent that amounts are payable with expendable, available financial resources.

***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.

***Compensated Absences***

Eligible employees accrue annual and sick leave at varying rates based upon length of employment. Employees are paid for annual leave not taken at the time their employment ends at their current rate of pay. The maximum amount of annual leave that an employee may accumulate and be paid for is based on the number of years of employment with CareerSource Escarosa. Employees are not paid for unused sick leave.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Fund Balance – Continued**

***Compensated Absences – Continued***

Annual leave is 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 and retirements.

***Grant and Contract Receivables***

Grant and contract 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 and contractors having outstanding balances and current relationships with them, it has concluded that there is minimal risk of non-collection; therefore, no allowance for doubtful accounts is recorded at year end.

***Classification of Fund Balance***

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which an Organization is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB Statement No. 54, are comprised of the following:

*Non-spendable* – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash; for example, inventories and prepaid items.

*Restricted* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

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

*Assigned* – includes amounts that are intended to be used by CareerSource Escarosa for specific purposes, but do not meet the criteria to be classified as committed. The Board of Directors may also assign fund balance 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.

*Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Fund Balance – Continued**

***Fund Balance/Net Position Flow Assumptions***

Sometimes CareerSource Escarosa 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 Escarosa'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.

***Unearned Revenue***

Revenue recognition is deferred in connection with resources that have been received, but not yet earned. Unearned revenue relates to grant drawdowns made prior to meeting all eligibility requirements.

**Revenue and Expenditures/Expenses**

***Revenue Sources***

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

***Expenditure/Expense Allocation***

Certain costs are allocated to the various grant programs of CareerSource Escarosa based on several factors including employees' time spent, percentage of direct program expenditures and client counts. The cost allocations are revised monthly depending on application.

**Income Taxes**

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

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

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities and Net Position or Fund Balance – Continued**

***Income Taxes – Continued***

CareerSource Escarosa 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 Escarosa.

**Budget Information**

The GASB requires a budgetary information comparison to be presented if the general fund has a legally adopted budget. Management has determined that CareerSource Escarosa is not legally required to adopt a budget by the Department of Economic Opportunity, Florida Statutes or any federal regulations. Therefore, no budgetary comparison schedule has been presented.

**Subsequent Events**

CareerSource Escarosa has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 9, 2021, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

**2. DEPOSITS**

Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, CareerSource Escarosa's deposits may not be returned. At year end, the carrying amount of deposits was \$471,924, and the bank balance was \$534,526. Of the bank balance, \$250,000 was insured up to Federal Deposit Insurance Corporation (FDIC) limits.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

### 3. CAPITAL ASSETS

Capital activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>CAPITAL ASSETS</b>				
Computer equipment	\$ 18,157	\$ -	\$ -	\$ 18,157
Office equipment	53,993	-	-	53,993
Office furniture and fixtures	253,272	-	-	253,272
Software	18,465	-	-	18,465
Total capital assets	343,887	-	-	343,887
Less accumulated depreciation	(83,947)	(78,577)	-	(162,524)
<b>CAPITAL ASSETS, NET</b>	<u>\$ 259,940</u>	<u>\$ (78,577)</u>	<u>\$ -</u>	<u>\$ 181,363</u>

Depreciation expense of \$78,577 was charged to training, retaining and re-adjustment program of governmental activities function.

### 4. EMPLOYEE BENEFIT PLAN

CareerSource Escarosa leases its employees from a company, which sponsors a 401(k) plan that covers substantially all employees. CareerSource Escarosa's contributions to the plan are discretionary and are based on 2% of eligible employees' annual salaries for 2021. Retirement expense for the year ended June 30, 2021, was \$26,555.

### 5. RELATED PARTY BALANCES AND TRANSACTIONS

Certain businesses of board members provide services either directly or indirectly to CareerSource Escarosa. The services provided are program, general and administrative services. A couple of the businesses have WIOA youth contracts with CareerSource Escarosa, while the majority of the other businesses provide tuition and books. The amount paid during the fiscal year was \$439,249, and the amount due as of year-end was \$55,841.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**6. CONTINGENCIES**

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 Escarosa expects such amounts, if any, to be immaterial.

**7. OPERATING LEASES**

The entity leases office space and equipment under operating leases expiring in 2030. The future minimum rental payments under operating leases having remaining terms in excess of one year as of June 30, 2021, for each of the next five years are:

<u><b>JUNE 30,</b></u>	<u><b>Amount</b></u>
2022	\$ 442,881
2023	455,015
2024	429,114
2025	441,987
2026	391,080
Thereafter	<u>1,278,275</u>
	<u><u>\$ 3,438,352</u></u>

For the year ended June 30, 2021, rental expenditures under the terms of these leases totaled \$391,929.

On April 19, 2019, CareerSource Escarosa signed a letter of credit for \$350,000 as part of the requirements for a new lease agreement with VGP Eastgate 1, LLC. The terms of the new lease, effective April 30, 2019, allow the landlord to draw upon the letter of credit up to the amount of the damages in the event of a default. The letter of credit matured in April 2021. The line of credit was renewed in August 2021 for \$253,750 and matures in June 2022. As of the date of this report, there have been no draws against the letter of credit.

CareerSource Escarosa entered into an operating lease agreement to lease office space effective May 2021 with monthly payments of \$3,200 beginning July 2021 until July 2023.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**8. RISK MANAGEMENT**

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

- Personal Property
- Public Officials' Liability

Amounts of settlements, if any, have not exceeded insurance coverage for the past year.

**9. SIGNIFICANT FUNDING SOURCE**

CareerSource Escarosa 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 could have an adverse effect on CareerSource Escarosa's programs and activities.

## COMPLIANCE SECTION



**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Contract Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Expenditures</b>
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Agriculture</b>				
Passed through State of Florida, Department of Economic Opportunity				
<b>SNAP Cluster</b>				
Supplemental Nutrition Assistance Program	10.561	FSH20	\$ -	\$ 25,314
Supplemental Nutrition Assistance Program	10.561	FSH21	-	82,048
<b>Total U.S. Department of Agriculture</b>			-	107,362
<b>U.S. Department of Labor</b>				
Passed through State of Florida, Department of Economic Opportunity				
<b>Employment Service Cluster</b>				
Employment Service/Wagner-Peyser Funded Activities	17.207	WPA20	-	41,454
Employment Service/Wagner-Peyser Funded Activities	17.207	WPA21	-	113,726
Employment Service/Wagner-Peyser Funded Activities	17.207	WPB20	-	64,369
Disabled Veterans' Outreach Program (DVOP)	17.801	DVP20	-	22,742
Disabled Veterans' Outreach Program (DVOP)	17.801	DVP21	-	20,466
Local Veteran's Employment Representative Program	17.801	LVR20	-	32,777
Local Veteran's Employment Representative Program	17.801	LVR21	-	24,681
<b>Total Employment Service Cluster</b>			-	320,215
Passed through State of Florida, Department of Economic Opportunity				
Unemployment Insurance	17.225	UCR20	-	13,693
			-	13,693
Hurricane Sally	17.U01	WNS20	-	111,106
National Emergency-COVID19	17.U02	WNC20	-	33,829
			-	144,935
Trade Adjustment Assistance	17.245	TAC19	-	89
Trade Adjustment Assistance	17.245	TAT19	-	1,391
			-	1,480

The accompanying notes are an integral part of this schedule.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Contract Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Expenditures</b>
<b>FEDERAL AWARDS – Continued</b>				
<b>U. S. Department of Labor – Continued</b>				
Passed through State of Florida, Department of Economic Opportunity				
<b>WIOA Cluster</b>				
WIOA Adult Program	17.258	WIA21	\$ -	\$ 598,732
WIOA Youth Activities	17.259	WIY20	569,173	619,458
WIOA Youth Activities	17.259	WIY21	497,792	530,781
WIOA Dislocated Worker Formula Grants	17.259	WID20	-	430,716
WIOA Dislocated Worker Formula Grants	17.278	WID21	-	86,686
			1,066,965	2,266,373
WIOA Adult Program	17.258	WIS19	-	14,979
			-	14,979
WIOA Adult Program	17.258	WIS20	-	191,210
			-	191,210
WIOA Performance Incentives	17.278	WRS19	-	28,662
WIOA Youth Activities - Performance Incentives	17.259	WIS20	-	14,571
			-	43,233
WIOA Adult Program - Apprenticeship Expansion	17.258	WIS19	-	113,372
			-	113,372
WIOA Adult Program - COVID PPE	17.258	WIS19	-	6,861
			-	6,861
<b>Total WIOA Cluster</b>			1,066,965	2,636,028
<b>Total U.S. Department of Labor</b>			1,066,965	2,636,028
<b>U.S. Department of Health and Human Services</b>				
Passed through State of Florida, Department of Economic Opportunity				
Temporary Assistance for Needy Families	93.558	WTS20	-	354,728
Temporary Assistance for Needy Families	93.558	WTS21	-	692,021
<b>Total U.S. Department of Health and Human Services</b>			-	1,046,749
<b>TOTAL FEDERAL AWARDS</b>			\$ 1,066,965	\$ 4,270,462

The accompanying notes are an integral part of this schedule.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**A. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal award activity of CareerSource Escarosa ("CareerSource Escarosa") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Guidance* and *Audits of States, Local Governments and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

**B. 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.

**C. DE MINIMIS INDIRECT COST RATE ELECTION**

CareerSource Escarosa 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  
Workforce Escarosa, Inc. dba CareerSource Escarosa

We have audited, 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, the financial statements of the governmental activities and the General Fund of Workforce Escarosa, Inc. dba CareerSource Escarosa (hereinafter referred to as CareerSource Escarosa) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CareerSource Escarosa's basic financial statements and have issued our report thereon dated December 9, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CareerSource Escarosa's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CareerSource Escarosa's internal control. Accordingly, we do not express an opinion on the effectiveness of CareerSource Escarosa's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CareerSource Escarosa'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 financial statements. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

### **CareerSource Escarosa's Response to Findings**

CareerSource Escarosa's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CareerSource Escarosa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Pensacola, Florida

December 9, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Workforce Escarosa, Inc. dba CareerSource Escarosa

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

We have audited the compliance of Workforce Escarosa, Inc. dba CareerSource Escarosa (hereinafter referred to as CareerSource Escarosa), with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on CareerSource Escarosa's major federal program for the year ended June 30, 2021. CareerSource Escarosa's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance of CareerSource Escarosa's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the special audit guidance provided by the State of Florida Department of Economic Opportunity; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CareerSource Escarosa'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 of the major federal program. However, our audit does not provide a legal determination of CareerSource Escarosa's compliance.

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

In our opinion, CareerSource Escarosa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of CareerSource Escarosa 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 Escarosa's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance of the 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 Escarosa'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 the 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.



Pensacola, Florida  
December 9, 2021

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
• Significant deficiency(ies) identified that is/are not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	None Reported
Noncompliance material to financial statements noted?	<u>  X  </u>	Yes	<u>      </u>	No

***Federal Awards***

Internal control over major programs:

• Material weakness(es) identified?	<u>      </u>	Yes	<u>  X  </u>	No
• Significant deficiency(ies) identified that is/are not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	None Reported

Type of auditors' report issued on compliance for major programs:

Federal Agency and Name of Major Program	Type of Opinion on Major Program				
US Department of Labor / WIOA Cluster	Unmodified				
• Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;"><u>      </u></td> <td style="width: 10%; text-align: center;">Yes</td> <td style="width: 10%; text-align: center;"><u>  X  </u></td> <td style="width: 10%; text-align: center;">No</td> </tr> </table>	<u>      </u>	Yes	<u>  X  </u>	No
<u>      </u>	Yes	<u>  X  </u>	No		

Identification of major projects:

CFDA Number/ Name of Federal Program or Cluster	Federal CFDA Number
WIOA Cluster	17.258 / 17.259 / 17.278

Dollar threshold used to distinguish between type A and type B programs for federal awards?

\$750,000

Auditee qualified as low-risk auditee for federal awards?	<u>      </u>	Yes	<u>  X  </u>	No
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**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**B. FINANCIAL STATEMENT FINDINGS**

**Finding 2020-001 – Auditor Proposed Journal Entries**

Criteria

CareerSource Escarosa's internal control over financial reporting is designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct a material misstatement on a timely basis.

Condition

The trial balance provided by management at the beginning of the audit did not reconcile to the prior year's audited balances.

Cause

The prior year audit entries were not posted.

Effect

The auditors proposed material correcting entries, either individually or in the aggregate, which were reviewed and accepted by management to correct certain account balances at June 30, 2021.

Recommendation

CareerSource Escarosa should ensure all audit entries are properly recorded and reversed, if applicable, after the annual audit is completed.

Management's Response

See auditee prepared Summary of Prior Audit Findings and Corrective Action Plan.

**Finding 2020-002 – Reconciliations Between General Ledger and SERA**

Criteria

Per the Florida Department of Economic Opportunity's Special Guidance for Audit Testing and Reporting, the auditors of regional workforce boards (RWB) are required to test the RWB's reconciliation of their financial records to the system maintained by DEO. Timely reconciliations are required to be performed between the general ledger accounting system and Subrecipient Enterprise Resource Application (SERA).

Condition

The documentation provided by the Organization did not reconcile with the amounts reported in the state's system. The Organization provided what it considered a reconciliation of the total expenditures per their financial system to the amount of expenditures in the state's system, by month. For the first few months, there were small differences of less than \$600. For the months of November 2020 through June 2021, there were differences ranging from approximately \$9,000 to \$134,000. In the client's reconciliation, a fiscal year to date variance is identified as \$127,011. The client represents \$111,294 of the variance between the "PTD Expenditures" and the client's financial records is related to "Unliquidated Obligations" in the state's system. Based upon the auditor's review of the state's system, the unliquidated obligations are not actual expenditures and should not be considered when reconciling the PTD expenditures amount per the state's system and the client's financial records.

**WORKFORCE ESCAROSA, INC. DBA CAREERSOURCE ESCAROSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**B. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**Finding 2020-002 – Reconciliations Between General Ledger and SERA - Continued**

Cause

The Organization could not provide an adequate reconciliation between their financial records and the state's system.

Effect

The auditors had to prepare a reconciliation, by program, between the client's unadjusted financial records to the state's system, noting that it appears the Organization's financial records contain approximately \$108,000 of expenditures that were not reported in the state's system.

Recommendation

The Organization should prepare monthly reconciliations between the state's system and their financial records and investigate any significant variances.

Management's Response

See auditee prepared Summary of Prior Audit Findings and Corrective Action Plan.

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings which were required to be reported in accordance with *Uniform Guidance*.

**D. STATE OF FLORIDA, DEPARTMENT OF ECONOMIC OPPORTUNITY REPORTING REQUIREMENTS**

CareerSource Escarosa did not perform timely reconciliations between the general ledger accounting system and Subrecipient Enterprise Resource Application (SERA). Reference Finding 2021-002 in section B above.



**SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

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The CareerSource Escarosa respectfully submits the following summary schedule of prior audit findings and corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Warren Averett, LLC  
350 W. Cedar Street, Suite 400  
Pensacola, Florida 32502

**A. SCHEDULE OF PRIOR YEAR FINDINGS**

**Finding 2020-001**

Condition

During CareerSource Escarosa's ("CSE") FY20 financial audit, 8 OJT participant files were found to be deficient of the required income eligibility documentation. This finding was related to a modification made in July of 2019 as CSE's local operating procedure was changed due to misinterpreting WIOA requirements for program eligibility. The local procedural change caused CSE eligibility personnel to cease collecting income eligibility information to determine if a candidate was suitable to participate in the OJT program. CSE's review by DEO and an external auditor determined that eligibility for OJT must include income for OJT contracts to be in compliance with WIOA law, TEGL 19-16.

Current Status

Corrective action was taken.

**B. CORRECTIVE ACTION PLAN**

The findings from the schedule of findings and questioned costs for the year ended June 30, 2021 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Name of Contact Person for Completing Corrective Action Plan

Priya Sarathy | Chief Financial Officer  
850-607-8752 | psarathy@careersourceescarosa.com



**SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

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**B. CORRECTIVE ACTION PLAN – CONTINUED**

**Finding 2021-001 – Auditor Proposed Journal Entries**

We concur with the auditor's finding and recommendations. The finance department has already begun working on recording the current year's audit entries which also include entries to have the prior year balance agree. We will ensure that once we've posted the audit entries, we will reconcile our numbers to the final trial balance provided by the auditors for fiscal 2021. We expect to have this implemented during the year ended June 30, 2022.

**Finding 2021-002 – Reconciliations Between General Ledger and SERA**

We concur with the auditor's finding and recommendations. The finance department will implement policies and procedures to ensure that a monthly reconciliation between the state's system and our financial records is performed and reviewed by the appropriate people of management. We expect to have this implemented during the year ended June 30, 2022.