

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA**

FINANCIAL STATEMENTS

JUNE 30, 2024

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Workforce Escarosa, Inc.
d/b/a CareerSource Escarosa:

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the general fund of Workforce Escarosa, Inc. d/b/a CareerSource Escarosa ("CareerSource Escarosa"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise CareerSource Escarosa's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of CareerSource Escarosa, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CareerSource Escarosa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

CareerSource Escarosa's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CareerSource Escarosa's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CareerSource Escarosa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CareerSource Escarosa's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida
January 6, 2025

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Management is pleased to offer the following assessment of the operations of Workforce Escarosa, Inc. d/b/a CareerSource Escarosa (“CareerSource Escarosa”) for the year ended June 30, 2024.

Overview of 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 supplementary information in addition to the basic financial statements themselves.

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CareerSource Escarosa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. CareerSource Escarosa maintains one 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 a government’s near-term financing requirements.

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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(Continued)

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards. This schedule lists all Federal grants awarded to CareerSource Escarosa and the related expenditures for the fiscal year ended June 30, 2024.

Government-wide Financial Analysis *Condensed financial information* - As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

Condensed Statements of Net Position

	2024	2023
Current assets*	\$ 568,819	\$ 628,116
Capital assets, net	4,180,717	4,302,030
Total assets	4,749,536	4,930,146
Current liabilities*	637,709	600,463
Noncurrent liabilities	4,122,290	4,267,669
Total liabilities	4,759,999	4,868,132
Unrestricted	115,251	155,337
Net investment in capital assets	(125,714)	(93,323)
Net position (deficit)	\$ (10,463)	\$ 62,014

Condensed Statements of Activities

	2024	2023
Program Revenues		
Operating grants and contributions	\$ 5,016,681	\$ 5,492,805
Total program revenues	5,016,681	5,492,805
General Revenues		
Other	3,686	64,324
Total revenues	5,020,367	5,557,129
Expenses		
Training, retraining, and adjustment	5,092,844	5,650,986
Change in net position	(72,477)	(93,857)
Net position, beginning of year*	62,014	155,871
Net position (deficit), end of year	\$ (10,463)	\$ 62,014

*2023 balances restated to reflect prior year effects of prior period restatement, see Note 15.

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Financial Highlights

The liabilities of CareerSource Escarosa exceeded its assets at June 30, 2024, by \$10,463.

Governmental activities. Governmental activities decreased CareerSource Escarosa's net position by \$72,477. Key elements of this decrease are as follows:

The net loss for the year ending June 30, 2024, is due to the amortization of leases under GASB Statement No. 87 and other government-wide accruals not present in the governmental funds.

Capital Assets

Excluding right-to-use assets for leases under GASB Statement No. 87, *Leases*, CareerSource Escarosa experienced a decrease in capital assets. Decreases in capital assets during the year ended June 30, 2024, were related to the depreciation of capital assets in the amount of \$63,947. CareerSource Escarosa had right-to-use assets for leases in the amount of \$4,048,205 net of accumulated amortization and lease liabilities in the amount of \$4,306,431 as of June 30, 2024.

Budgetary Highlights

CareerSource Escarosa is not legally required to adopt a budget. As such, budgetary exhibits are not presented.

Economic Factors

99.9% of the CareerSource Escarosa's revenues were generated from federal grants, most of which were passed through the State of Florida's Department of Commerce. Anything that could influence federal and state appropriations of these funds will have a direct impact on the Organization.

Debt Administration

CareerSource Florida Escarosa's long-term debt is its accrual for compensated absences and lease liability. Please refer to the notes accompanying financial statements entitled *Long Term Debt* and *Leases* for more detailed information about long-term debt activity.

Request for Information

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

Workforce Escarosa, Inc.
d/b/a CareerSource Escarosa
6913 N. 9th Avenue
Pensacola, Florida 32504

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
STATEMENT OF NET POSITION
JUNE 30, 2024**

<u>ASSETS</u>	<u>Governmental Activities</u>
Current assets	
Cash and cash equivalents	\$ 294,974
Grant, contract and other receivables	238,166
Prepaid items	35,679
Total current assets	<u>568,819</u>
Non-current assets	
Capital assets, net of accumulated depreciation	4,180,717
Total Assets	<u><u>\$ 4,749,536</u></u>
<u>LIABILITIES AND NET POSITION (DEFICIT)</u>	
Current liabilities	
Accounts payable and accrued expenses	\$ 222,137
Interest payable	39,193
Unearned revenue	143,015
Compensated absences, current portion	7,383
Lease liability, current portion	225,981
Total current liabilities	<u>637,709</u>
Non-current liabilities	
Compensated absences, noncurrent portion	41,840
Lease liability, noncurrent portion	4,080,450
Total noncurrent liabilities	<u>4,122,290</u>
Total Liabilities	<u>\$ 4,759,999</u>
Net Position (Deficit)	
Net investment in capital assets	\$ (125,714)
Unrestricted	115,251
Total Net Position (Deficit)	<u><u>\$ (10,463)</u></u>

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

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Functions and Programs</u>				
Governmental activities:				
Training, retraining and readjustment	\$ 5,092,844	\$ -	\$ 5,016,681	\$ (76,163)
Total governmental activities	\$ 5,092,844	\$ -	\$ 5,016,681	(76,163)
		General revenues:		
		Other		3,686
		Change in net position		(72,477)
		Net position, beginning of year, as restated		62,014
		Net position (deficit), end of year		\$ (10,463)

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

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2024**

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 294,974
Grant, contract and other receivables	238,166
Prepaid items	35,679
Total Assets	<u>\$ 568,819</u>
Liabilities	
Accounts payable and accrued expenses	\$ 222,137
Unearned revenue	143,015
Total liabilities	<u>365,152</u>
Fund Balance	
Nonspendable for prepaid items	35,679
Unassigned	167,988
Total fund balance	<u>203,667</u>
Total Liabilities and Fund Balance	<u>\$ 568,819</u>

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

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Fund balances - total governmental fund		\$ 203,667
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.		
Total governmental capital assets, excluding right-to-use assets	5,285,233	
Less: accumulated depreciation and amortization	<u>(1,104,516)</u>	4,180,717
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Interest payable	(39,193)	
Compensated absences	(49,223)	
Lease liability	<u>(4,306,431)</u>	(4,394,847)
Net position (deficit) of governmental activities		<u><u>\$ (10,463)</u></u>

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

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund
Revenues	
Grants and contracts	\$ 5,016,681
Other	3,686
Total revenues	5,020,367
Expenditures	
Personnel and benefits	2,186,328
Advertising and marketing	15,736
Communications, systems and utilities	67,320
Printing and supplies	30,190
Short-term lease	21,909
Direct program	1,596,865
Insurance	7,194
Professional fees	100,506
Noncapital furniture and equipment	16,312
Repairs and maintenance	207,075
Other	235,325
Capital outlay	229,171
Debt service:	
Principal	198,484
Interest	222,221
Total expenditures	5,134,636
Excess (deficiency) of revenues over expenditures	(114,269)
Other financing source	
Lease (as leasee)	112,859
Net change in fund balance	(1,410)
Fund balance, beginning of year, as restated	205,077
Fund balance, end of year	\$ 203,667

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

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

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

Net change in fund balances-total governmental funds	\$	(1,410)
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.		
Changes in:		
Compensated absences		517
Interest payable		(35,896)
		(35,379)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount of capital outlay and depreciation and amortization expense in the current period.		
Capital outlay		229,171
Depreciation		(63,947)
Amortization		(286,537)
		(121,313)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Long-term lease liability - repayment of principle		198,484
Leases issued		(112,859)
		85,625
Change in net position of governmental activities	\$	(72,477)

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

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

The following is a summary of the more significant accounting policies of Workforce Escarosa, Inc. d/b/a CareerSource Escarosa (“CareerSource Escarosa”), which affect significant elements of the accompanying basic financial statements:

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

The governing board of CareerSource Escarosa is the Board of Directors. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of CareerSource Escarosa (the primary government unit) and its component units. There were no entities that required inclusion as a component unit within CareerSource Escarosa's financial statements.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of CareerSource Escarosa. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. CareerSource Escarosa has no business-type activities.

The Statement of Net Position reports CareerSource Escarosa’s financial position as of the end of the fiscal year. In this statement, CareerSource Escarosa's net position are reported in two categories: investment in capital assets and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include (1) charges for services that are directly related to a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the general fund, which is CareerSource Escarosa’s only fund.

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **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 recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, CareerSource Escarosa considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CareerSource Escarosa considers most revenues, such as reimbursement-based grant revenues and charges for service, to be susceptible to accrual and so they have been recognized as revenues in the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received. 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.

Major Governmental Fund—The sole governmental fund used by CareerSource Escarosa is the general fund, which is used to account for all financial activity of CareerSource Escarosa.

(d) **Cash and cash equivalents**—Cash and cash equivalents of CareerSource Escarosa are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(e) **Grants and other receivables**—Grants and other receivables consist of amounts due from grantor agencies for reimbursement of expenditures under various programs. Management has concluded that realization of losses on balance outstanding at year-end will be immaterial.

(f) **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.

(g) **Unearned revenues**—Unearned revenues are comprised of amounts received from grantor agencies by CareerSource Escarosa prior to meeting revenue recognition criteria. In subsequent periods, when the revenue recognition criteria have been met, the liability for unearned revenues is reduced and revenue is recognized.

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Capital assets**— Capital assets are defined by CareerSource Escarosa as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of the donation. 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. Depreciation of capital assets is computed using the straight-line method over estimated useful lives as follows:

Assets	Years
Leasehold improvements	30
Equipment	5–10
Vehicles	5

(i) **Leases**—CareerSource Escarosa leases building facilities and determines if an arrangement is a lease at inception. CareerSource Escarosa recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the CareerSource Escarosa’s right to use an underlying asset for the lease term and lease liabilities represent CareerSource Escarosa’s obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirement will not be considered short term: the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is less than \$5,000.

Discount Rate – Unless explicitly stated in the lease agreement or CareerSource Escarosa is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be CareerSource Escarosa’s incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year. CareerSource Escarosa’s IBR was 5.50% at June 30, 2021, and was the discount rate utilized for applicable leases beginning July 1, 2021 and applicable lease conversions.

The CareerSource Escarosa’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(j) **Budgets**—The general expenditure authority of CareerSource Escarosa, as provided by Sections 445.004 and 445.007 of the Florida Statutes, does not require a legally adopted budget placed into public law. Accordingly, the budgetary comparison schedules for governmental funds have not been presented as supplementary information required by the Governmental Accounting Standards Board.

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **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.

(l) **Compensated absences**—Eligible employees earn paid time off at varying rates based upon length of employment. Paid time off is accrued as earned by employees and recorded as an expense in the period earned. The total accumulated paid time off is paid out to eligible employees at termination.

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

(n) **Fund balance**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which CareerSource Escarosa is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the Bylaws, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by ordinance or resolution.

Assigned—Amounts that are designated by CareerSource Escarosa Directors for a specific purpose but are not spendable until a budget ordinance is passed by CareerSource Escarosa Directors.

Unassigned—All amounts not included in other spendable classifications.

It is the 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.

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

(o) **Revenues and expenditures/expenses**—Generally, revenue is received from the State of Florida, Department of Commerce and is earned on a cost reimbursement basis.

(p) **Income taxes**— The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Since the Organization had no taxable unrelated business income during the year ended June 30, 2024, no provision for income taxes is provided in the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheets and the government-wide statements of net position**—Following the governmental fund balance sheets is a reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statements of net position. The details of these differences are explained in the above referenced financial statements.

(b) **Explanation of certain differences between the governmental fund statements of revenues, expenditures, and changes in fund balance and the government-wide statements of activities**—Following the governmental fund statements of revenues, expenditures, and changes in fund balance, there is a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statements of activities. The details of these differences are explained in the above referenced financial statements.

(3) **Deposits:**

Custodial credit risk-deposits. In the case of deposits, this 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 \$294,974 and the bank balance was \$501,187. Of the bank balance, \$250,000 was insured up to Federal Deposit Insurance Corporation (“FDIC”) limits.

(4) **Retirement Plan:**

CareerSource Escarosa sponsors a defined contribution 401(k) profit sharing plan which covers substantially all employees. The amount of retirement expense for the year ended June 30, 2024, was \$57,015.

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(5) **Unearned Revenue:**

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the June 30, 2024, unearned revenue from grant drawdowns made prior to meeting all requirements was \$143,015.

(6) **Capital Assets:**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance 07/01/23	Increases	Decreases	Balance 06/30/24
Furniture, fixtures and equipment	\$ 330,073	\$ 116,312	\$ -	\$ 446,385
Right-to-use leased assets	4,725,989	112,859	-	4,838,848
Total capital assets	5,056,062	229,171	-	5,285,233
Less accumulated depreciation	(249,926)	(63,947)	-	(313,873)
Less accumulated amortization	(504,106)	(286,537)	-	(790,643)
Capital assets, net	<u>\$ 4,302,030</u>	<u>\$ (121,313)</u>	<u>\$ -</u>	<u>\$ 4,180,717</u>

Depreciation expense was \$63,947 and amortization expense was \$286,537 the year ended June 30, 2024.

(7) **Leases:**

CareerSource Escarosa has leases in effect for buildings with terms ending from 2026 through 2040. The buildings are considered a right-to-use assets of CareerSource Escarosa. For disclosure purposes, this lease excludes ancillary costs included in the lease, such as utilities. The stated interest rate on leases is 5.50%.

The amortization expense for right-to-use leased assets was \$286,537 and the interest expense for lease liabilities was \$222,221 for the year ended June 30, 2024.

The principal and interest requirements to maturity for the lease liability as of June 30, 2024 is as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 225,981	\$ 251,231	\$ 477,212
2026	237,008	200,171	437,179
2027	143,787	225,896	369,683
2028	178,078	199,094	377,172
2029	199,726	188,761	388,487
2030 – 2034	1,222,831	759,707	1,982,538
2035 – 2039	1,766,151	353,646	2,119,797
2040	332,869	7,675	340,544
Total future minimum lease payments	<u>\$ 4,306,431</u>	<u>\$ 2,186,181</u>	<u>\$ 6,492,612</u>

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(8) **Long-term Liabilities:**

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2024, was as follows:

	<u>Balance</u> <u>07/01/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/24</u>	<u>Due in</u> <u>one year</u>
Governmental activities					
Lease liability	\$ 4,395,353	\$ 109,562	\$ (198,484)	\$ 4,306,431	\$ 225,981
Compensated absences	49,740	-	(517)	49,223	7,383
Total Long-term liabilities	<u>\$ 4,445,093</u>	<u>\$ 109,562</u>	<u>\$ (199,001)</u>	<u>\$ 4,355,654</u>	<u>\$ 233,364</u>

(9) **Contingencies:**

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

(10) **Related Parties:**

Certain board members are employees of entities that provide services either directly or indirectly to CareerSource Escarosa. The board members that are affiliated with these entities do not directly benefit as they do not hold higher positions and are not directly involved in the daily operations. Amount payable to related parties at June 30, 2024, were \$21,320. The total amount of services provided for the year ended June 30, 2024, is as follows:

Education	\$ 314,571
Utilities	350,280
Total	<u>\$ 664,851</u>

(11) **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

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(12) **Employee Leasing Organization:**

CareerSource Escarosa utilizes the services of an employee leasing service for staffing purposes. The employee leasing service does not provide employee benefits, including life insurance and 401(k) plan participation. All expenses associated with the services provided by the employee leasing service are shown as salaries and employee benefits on the Statement of Activities.

(13) **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 Commerce (71%), and from the United States Department of Health and Human Services passed through the State of Florida, Department of Commerce (29%). A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on CareerSource Escarosa's programs and activities.

(14) **Subsequent Events:**

CareerSource Escarosa has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 6, 2025, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(15) **Restatement of Beginning Equity:**

Subsequent to issuance of the June 30, 2023, financial statements, management became aware of the following errors: Expenditures by fund in the year 2021 and 2022 were understated due to cost pools & indirect costs not being fully allocated to the final cost objectives (individual funds). Therefore, SERA expenditures during those years were understated causing an overstatement in unearned revenue by \$38,324 and an understatement of grants receivable by \$72,766, for a combined understatement of governmental fund balance and governmental net position by \$111,090.

(16) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates, effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on CareerSource Escarosa's financial statements:

- (a) GASB issued Statement No. 101, Compensated Absences, in June 2022. GASB Statement No. 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(16) **Recent Accounting Pronouncements:** (Continued)

(b) GASB issued Statement No. 102, Certain Risk Disclosures, in December 2023. GASB Statement No. 102 amends GASB Statement No. 62 regarding the disclosure of a government's vulnerability to risks related to certain concentrations and constraints that limit its ability to acquire resources or control spending. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

(c) GASB issued Statement No. 103, Financial Reporting Model Improvements, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

(d) GASB issued Statement No. 104, Disclosure of Certain Capital Assets, in September 2024. The standard introduces requirements for enhanced disclosure of specific types of capital assets in governmental financial reports. It focuses on assets such as leased assets, intangible right-to-use assets, subscription-based IT arrangements (SBITAs), and capital assets held for sale. The guidance becomes effective for fiscal years beginning after June 15, 2025.

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Entity/ Federal Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures	Amount to Subrecipients
Department of Health and Human Services				
Passed through Florida Department of Commerce:				
Temporary Assistance to Needy Families	93.558	WTS23	\$ 632,537	\$ -
Temporary Assistance to Needy Families	93.558	WTS24	788,644	-
			<u>1,421,181</u>	<u>-</u>
Total Department of Health and Human Services			<u>1,421,181</u>	<u>-</u>
Department of Labor				
Passed through Florida Department of Commerce:				
Employment Service/Wagner-Peyser Funded Activities	17.207	WPA23	47,232	-
Employment Service/Wagner-Peyser Funded Activities	17.207	WPA24	202,659	-
Employment Service/Wagner-Peyser Funded Activities	17.207	WPB23	18,525	-
Employment Service/Wagner-Peyser Funded Activities	17.207	WPB24	96,815	-
Disable Veterans' Outreach Program (DVOP)	17.801	DVP23	44,226	-
Disable Veterans' Outreach Program (DVOP)	17.801	DVP24	70,200	-
Disable Veterans' Outreach Program (DVOP)	17.801	LVR23	36,306	-
Disable Veterans' Outreach Program (DVOP)	17.801	LVR24	80,233	-
Disable Veterans' Outreach Program (DVOP)	17.801	VPI23	25,000	-
Total Employment Service Cluster			<u>621,196</u>	<u>-</u>
Unemployment Insurance	17.225	UCR22	38,453	-
Unemployment Insurance	17.225	UCR23	67,636	-
Total Unemployment Insurance			<u>106,089</u>	<u>-</u>
WIOA Adult Program	17.258	WIA23	35,732	-
WIOA Adult Program	17.258	WIA24	461,175	-
WIOA Adult Program	17.258	WIS22	113,222	-
WIOA Adult Program	17.258	WIS24	31,664	-
WIOA Youth Activities	17.259	WIY23	461,715	421,383
WIOA Youth Activities	17.259	WIY24	471,256	414,299
WIOA Youth Activities	17.259	WIS22	113,222	-
WIOA Youth Activities	17.259	WIS24	30,704	-
WIOA Dislocated Worker Formulas Grants	17.278	WID23	681,925	-
WIOA Dislocated Worker Formulas Grants	17.278	WID24	94,992	-
WIOA Dislocated Worker Formulas Grants	17.278	WIR24	85,291	-
WIOA Dislocated Worker Formulas Grants	17.278	WIS22	127,374	-
WIOA Dislocated Worker Formulas Grants	17.278	WIS24	33,598	-
Total WIOA Cluster			<u>2,741,870</u>	<u>835,682</u>
Total Department of Labor			<u>3,469,155</u>	<u>835,682</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Programs	10.561	FSH23	37,857	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Programs	10.561	FSH24	88,488	-
Total SNAP Cluster			<u>126,345</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>126,345</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,016,681</u>	<u>\$ 835,682</u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal awards activity of Workforce Escarosa, Inc. d/b/a CareerSource Escarosa (“CareerSource Escarosa”) under programs of the federal government for the year ended June 30, 2024 in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CareerSource Escarosa it is not intended to and does not present the financial position, changes in net assets, or cash flows of CareerSource Escarosa.

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

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

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

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. d/b/a CareerSource Escarosa:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Workforce Escarosa, Inc. ("CareerSource Escarosa") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise CareerSource Escarosa's basic financial statements, and have issued our report thereon dated January 6, 2025.

Report on 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CareerSource 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 CareerSource Escarosa'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

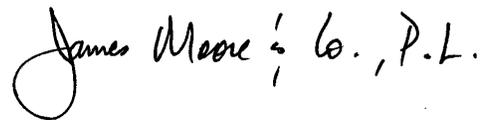
As part of obtaining reasonable assurance about whether CareerSource Escarosa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CareerSource Escarosa, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on CareerSource Escarosa, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. CareerSource Escarosa's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response

Purpose of this Report

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

James Moore & Co., P.L.

Tallahassee, Florida
January 6, 2025

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

To the Board of Directors,
Workforce Escarosa, Inc.
d/b/a CareerSource Escarosa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Workforce Escarosa, Inc. (“CareerSource Escarosa”)’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of CareerSource Escarosa’s major federal programs for the year ended June 30, 2024. CareerSource Escarosa’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); the special audit guidance provided by the State of Florida Department of Commerce 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CareerSource Escarosa and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CareerSource Escarosa’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to CareerSource Escarosa’s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CareerSource Escarosa's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CareerSource Escarosa's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CareerSource Escarosa's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CareerSource Escarosa's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 CareerSource Escarosa's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida
January 6, 2025

**WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

I. Summary of Auditors' Results:

Financial Statements

A. Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

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

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

B. Identification of major programs:

Federal Program	Federal Assistance Listing Number
WIOA Cluster	17.258, 17.259, 17.278
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

WORKFORCE ESCAROSA, INC.
D/B/A CAREERSOURCE ESCAROSA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024
(Continued)

II. Financial Statement Findings:

2024-001 SERA Reporting Errors

Criteria: In fiscal years 2021 and 2022, cost pools and indirect balances were not being fully allocated to the grants resulting in reporting errors in the Department of Commerce Subrecipient Enterprise Resource Application (SERA) system and therefore the financial statements for deferred revenues and grant receivables. These errors were discovered in fiscal year 2024 due to certain internal controls surrounding a reconciliation of these cost pools and indirect balances that were not in place.

Condition: CareerSource Escarosa did not implement processes to ensure proper reporting and allocation of various cost pools and indirect costs to the various grant in the SERA system.

Cause: No formal process to allocate indirect costs from cost pools in the SERA system.

Effect: Misstatements in SERA and the financial statements

Recommendation: We recommend CareerSource Escarosa implement a process to ensure these costs are properly reflected in SERA.

III. Federal Award Findings and Questioned Costs:

None.

IV. State of Florida, Department of Commerce (DOC) Reporting Requirements:

The Organization performed timely reconciliations between the general ledger accounting system and the Subrecipient Enterprise Resource Application maintained by DOC. Also, based on the DOC reporting requirements, there were no additional findings required to be reported in fiscal year 2024.

V. Summary Schedule of Prior Year Findings:

There were no audit findings for the year ended June 30, 2023.



MANAGEMENT'S RESPONSE TO FINDINGS

2024-001 SERA Reporting Errors

Criteria: In fiscal years 2021 and 2022, cost pools and indirect balances were not being fully allocated to the grants resulting in reporting errors in the Department of Commerce Subrecipient Enterprise Resource Application (SERA) system and therefore the financial statements for deferred revenues and grant receivables. These errors were discovered in fiscal year 2024 due to certain internal controls surrounding a reconciliation of these cost pools and indirect balances that were not in place.

Condition: CareerSource Escarosa did not implement processes to ensure proper reporting and allocation of various cost pools and indirect costs to the various grant in the SERA system.

Cause: No formal process to allocate indirect costs from cost pools in the SERA system.

Effect: Misstatements in SERA and the financial statements

Recommendation: We recommend CareerSource Escarosa implement a process to ensure these costs are properly reflected in SERA.

LWDB Response:

CSE acknowledges the above recommendation and has updated its closing process and procedures immediately after identifying these issues.

CSE will continuously monitor and ensure that the organization's processes and procedures are being enforced and kept up to date to prevent the occurrence of these issues in the future.

Handwritten signature of Marcus L. McBride in blue ink.

Marcus L. McBride, PhD
Chief Executive Officer

Handwritten signature of Mariezel Halili in black ink.

Mariezel Halili
Chief Financial Officer

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