

PASCO-HERNANDO WORKFORCE BOARD, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

PASCO-HERNANDO WORKFORCE BOARD, INC.
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JUNE 30, 2011 AND 2010

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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Pasco-Hernando Workforce Board, Inc.:

We have audited the accompanying statement of financial position of Pasco-Hernando Workforce Board, Inc. (the Organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2011, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming opinions on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has

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

James Moore + Co., P.L.

Gainesville, Florida
November 8, 2011

PASCO-HERNANDO WORKFORCE BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 102,717	\$ 594,925
Grants receivable	803,367	1,119,794
Prepaid expenses	115,361	44,620
Total current assets	1,021,445	1,759,339
Property and equipment, net	159,685	273,773
Total Assets	\$ 1,181,130	\$ 2,033,112
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 917,663	\$ 1,411,132
Deferred revenue	53,708	343,775
Total current liabilities and total liabilities	971,371	1,754,907
Commitments and contingencies (Notes 4 and 5)	-	-
Net assets- unrestricted	209,759	278,205
Total Liabilities and Net Assets	\$ 1,181,130	\$ 2,033,112

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

PASCO-HERNANDO WORKFORCE BOARD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Unrestricted support and revenue		
Grants and contracts	\$ 9,350,780	\$ 10,873,605
Other income	90,042	83,684
Total unrestricted support and revenue	9,440,822	10,957,289
Expenses		
Program services	9,106,453	10,531,389
Management and general	402,815	578,890
Total expenses	9,509,268	11,110,279
Change in unrestricted net assets	(68,446)	(152,990)
Net assets-unrestricted , beginning of year	278,205	431,195
Net assets-unrestricted , end of year	\$ 209,759	\$ 278,205

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

PASCO-HERNANDO WORKFORCE BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Contract services	\$ 5,225,379	\$ -	\$ 5,225,379
Salaries and related expense	2,288,059	278,028	2,566,087
Building rental	352,599	13,360	365,959
Depreciation	83,288	30,805	114,093
Utilities	176,373	13,180	189,553
Training	59,486	209	59,695
Outreach	82,654	307	82,961
Small equipment and software	13,686	5,303	18,989
Professional services	44,260	12,170	56,430
Program supplies	127,779	4,139	131,918
Repairs and maintenance	171,099	8,349	179,448
Insurance	41,811	12,274	54,085
Travel	24,204	18,615	42,819
Printing and postage	18,502	102	18,604
Meetings and conferences	10,499	3,946	14,445
Employer services	381,622	-	381,622
Dues and subscriptions	5,153	2,028	7,181
 Total expenses	 <u>\$ 9,106,453</u>	 <u>\$ 402,815</u>	 <u>\$ 9,509,268</u>

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

PASCO-HERNANDO WORKFORCE BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Contract services	\$ 6,904,722	\$ -	\$ 6,904,722
Salaries and related expense	1,111,906	354,382	1,466,288
Tuition and financial assistance	616,206	-	616,206
Building rental	390,355	15,346	405,701
Depreciation	119,614	6,575	126,189
Utilities	175,197	9,700	184,897
Training	4,957	2,900	7,857
Outreach	120,203	5,769	125,972
Small equipment and software	271,770	13,424	285,194
Contracted services	39,333	24,905	64,238
Professional services	55,100	107,634	162,734
Program supplies	55,018	4,557	59,575
Repairs and maintenance	128,931	5,493	134,424
Insurance	73,980	5,665	79,645
One-stop operations	13,039	-	13,039
Travel	41,108	4,096	45,204
Printing and postage	17,610	858	18,468
Fees, insurance and test	33,714	-	33,714
Meetings and conferences	5,030	14,711	19,741
Consulting	536	1,539	2,075
Employer services	349,114	-	349,114
Dues and subscriptions	3,946	1,336	5,282
 Total expenses	 <u>\$ 10,531,389</u>	 <u>\$ 578,890</u>	 <u>\$ 11,110,279</u>

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

PASCO-HERNANDO WORKFORCE BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ (68,446)	\$ (152,990)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	114,093	126,189
Decrease (increase) in grants receivable	316,427	(651,395)
Decrease in other receivable	-	7,522
Increase in prepaids	(70,741)	(41,090)
Increase (decrease) in accounts payable and accrued expenses	(493,469)	657,146
Increase (decrease) in deferred revenue	(290,067)	97,622
Total adjustments	(423,757)	195,994
Net cash provided by (used in) operating activities	(492,203)	43,004
Net increase (decrease) in cash and cash equivalents	(492,203)	43,004
Cash and cash equivalents, beginning of year	594,925	551,921
Cash and cash equivalents, end of year	\$ 102,722	\$ 594,925

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

PASCO-HERNANDO WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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

The following is a summary of the more significant accounting policies and practices of Pasco-Hernando Workforce Board, Inc. (the Organization), which affect significant elements of the accompanying financial statements.

(a) **General**—The Organization is a nonprofit corporation organized to promote and enhance employment of individuals in the Florida counties of Pasco and Hernando (Workforce Region 16) and fulfill the duties and responsibilities provided by the Workforce Florida Act of 1996. The Organization provides job training, job placement, and benefit services to the citizens of the two-county region. The governing body of the Organization consists of board members who are appointed by local officials to oversee conformance with grant regulations. A substantial portion of the Organization's support and revenue is received from the Florida Agency For Workforce Innovation.

(b) **Financial statement presentation**—The Organization's financial statements have been prepared in accordance with the recommendations of the Financial Accounting Standards Board in its standards for non-profit organizations.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. The Organization records all revenues and gains that are spent in the same fiscal year as unrestricted revenue. Any amounts not spent are recorded as either temporarily restricted or permanently restricted revenue if donor restrictions exist.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will not be met by either actions of the Organization and/or the passage of time.

As of June 30, 2011 and 2010, the Organization had no temporarily restricted or permanently restricted net assets.

(c) **Revenue recognition**—The Organization recognizes grants, contracts and contributions of cash or other assets as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction when a donor restriction expires, when a stipulated tie restriction ends or purpose restriction is accomplished. A receivable is recognized by the Organization for grants or contracts to be received from the grantor or donor.

PASCO-HERNANDO WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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

The Organization recognizes revenues from exchange transactions when the service is rendered. A receivable is recognized by the Organization for outstanding invoices.

The Organization considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include investments with original maturities of three months or less.

(e) **Property and equipment**—Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment with costs greater than \$5,000. Depreciation is provided using the straight-line method over the estimated useful lives of assets.

(f) **Deferred revenue**—Deferred revenue represents grant revenues which have been received, but for which the prescribed services have not yet been completed. These revenues will be recognized in income when these services are completed.

(g) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimate assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(h) **Functional expenses**—The costs of providing various services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Costs that are directly related to the Organization's specific purpose has been recorded as a direct expense and included as program services. Certain costs have been allocated among program and supporting services. Benefit costs are allocated based on a percentage of direct costs.

(i) **Federal income tax**—The Organization is generally exempt from federal and state 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. Generally, the Organization is no longer subject to U.S. federal and state and local tax examinations by tax authorities for years before 2007.

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(j) **Subsequent events**—Subsequent events have been evaluated through November 8, 2011, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

PASCO-HERNANDO WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(2) **Concentration of Credit Risk:**

Information related to significant concentrations of credit risk for financial instruments owned by the Organization is as follows:

(a) **Demand deposits**—The Organization has demand deposits with a regional bank. The Organization has no policy requiring collateral to support these deposits and accounts, although demand deposits with banks are federally insured up to FDIC limits. At June 30, 2011 and 2010, the bank balance totaled \$653,781 and \$1,057,347, respectively. Total uninsured cash balances at June 30, 2011 and 2010 were \$371,286 and \$795,307, respectively.

(b) **Grants, contracts and other receivables**—The Organization receives certain fees for services provided to organizations and individuals located in central Florida. The other receivables represent amounts due from these organizations and individuals. The Organization also has amounts due from federal and state governmental agencies under cost reimbursement and service grants and contracts related to various education and assistance activities. The Organization has no policy requiring collateral or other security to support its receivables.

(c) **Significant funding source**—The Organization receives a substantial amount of funding from the United States Department of Labor and the United States Department of Health and Human Services passed through the State of Florida Agency for Workforce Innovation. If a significant reduction in the level of this funding were to occur, it could have an adverse effect on the Organization's programs and activities.

(3) **Retirement Plan:**

The Organization sponsors a 401(k) retirement plan for its employees who have attained 21 years of age. Voluntary employee contributions are allowed from eligible employees. The plan allows for discretionary contribution. The contribution is determined annually by the Board of Directors. There were no discretionary contributions for the years ended June 30, 2011 and 2010.

(4) **Contingencies:**

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

PASCO-HERNANDO WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(5) **Operating Leases:**

The Organization leases office space under operating leases with varying terms through 2015. Some of the office lease options contain an escalation clause providing for annual increases in monthly rents. Under the terms of the leases, the Organization is generally responsible for insurance, repairs and maintenance costs. Lease expense under all operating leases for the years ended June 30, 2011 and 2010 was \$365,959 and \$405,700, which is recorded net of sublease rental income of \$175,585 and \$176,596, respectively. The following is a schedule by years of future minimum rentals under noncancellable leases at June 30, 2011:

Year Ending June 30,	Amount
2012	\$ 542,343
2013	336,427
2014	319,840
2015	118,934
2016	-
Thereafter	-
Total	\$ 1,317,544

Minimum payments have not been reduced by minimum sublease rentals of \$411,325 due in the future under noncancellable subleases.

(6) **Property and Equipment:**

Property and equipment consist of the following at June 30:

	2011	2010
Computer equipment	\$ 176,919	\$ 182,424
Office furniture	99,387	99,387
Office equipment	223,435	223,429
Mobile One-Stop Center	294,932	294,932
Software	41,035	41,035
	835,708	841,207
Accumulated depreciation	(676,023)	(567,434)
Total property and equipment, net	\$ 159,685	\$ 273,773

Depreciation expense for the years ended June 30, 2011 and 2010, was \$114,093 and \$126,189, respectively.

Substantially all of the Organizations fixed assets have been purchased with restricted resources. If the Organization does not continue to use such equipment in its operations, either the title to the equipment or the proceeds from the sale of the equipment will revert to the State of Florida.

PASCO-HERNANDO WORKFORCE BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(7) **Related Party Transactions:**

The Organization's Board of Directors includes representatives of both the private and public sector industries. During the fiscal years ended June 30, 2011 and 2010, the Organization entered into several contracts with entities with which certain board members are associated for the purpose of providing services to participants. Total payments to these entities during the years ended June 30, 2011 and 2010 were \$348,141 and \$150,268, respectively.

SUPPLEMENTAL INFORMATION

**PASCO-HERNANDO WORKFORCE BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-through Grantor/State Grantor Program Title	CFDA Number	Expenditures
FEDERAL AWARDS		
U. S. Department of Agriculture - Passed Through State of Florida Agency for Workforce Innovation		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 179,377
Total U.S. Department of Agriculture		<u>179,377</u>
U.S. Department of Labor - Passed Through State of Florida Agency for Workforce Innovation		
WIA Youth Activities	17.259	1,235,112
WIA Adult Program	17.258	1,561,104
ARRA - WIA Adult Program	ARRA - 17.258	121,893
WIA Dislocated Workers	17.260	257,405
ARRA - WIA Dislocated Workers	ARRA - 17.260	275,187
WIA Dislocated Worker Formula Grants	17.278	1,358,541
Total for WIA Cluster		<u>4,809,242</u>
Employment Service/Wagner-Peyser Funded Activities	17.207	717,869
Disabled Veterans' Outreach Program (DVOP)	17.801	51,058
Local Veterans' Employment Representative Program	17.804	44,479
Total for Employment Service Cluster		<u>813,406</u>
Unemployment Insurance	17.225	403,328
Trade Adjustment Assistance	17.245	159,641
Total U.S. Department of Labor		<u>6,185,617</u>
U.S. Department of Health and Human Services - Passed Through State of Florida Agency for Workforce Innovation		
Temporary Assistance for Needy Families	93.558	2,486,854
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	ARRA - 93.714	425,546
Total U.S. Department of Health and Human Services		<u>2,912,400</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 9,277,394</u></u>

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

PASCO-HERNANDO WORKFORCE BOARD, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

(A) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Pasco-Hernando Workforce Board, Inc. (the Organization), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *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.

There were no noncash awards in the current year.

(B) **Subrecipients:**

The Organization provided federal awards to subrecipients as follows during the year ended June 30, 2011:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 161,846
Employer Service/Wagner-Peyser Funded Activities	17.207	262,111
Unemployment Insurance	17.225	468
Trade Adjustment Assistance	17.245	142,126
WIA Cluster:		
WIA Adult Program	17.258	840,512
WIA Youth Activities	17.259	632,680
WIA Dislocated Workers	17.260	237,507
WIA Dislocated Workers Formula Grants	17.278	784,320
WIA Cluster Subtotal		2,495,019
Temporary Assistance for Needy Families	93.558	1,692,342
		<u>\$ 4,753,912</u>

The Organization provided federal awards to subrecipients as follows during the year ended June 30, 2011:

<u>Vendor</u>	<u>Amount Provided</u>
Arbor Education & Training	\$ 17,495
ARC of the Nature Coast	17,500
Goodwill Industries	4,206,995
Greater Hernando Chamber	92,285
Henkels & McCoy	313,500
Pasco Economic Development Council	106,137
	<u>\$ 4,753,912</u>

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**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,
Pasco-Hernando Workforce Board, Inc.:

We have audited the financial statements of Pasco-Hernando Workforce Board, Inc. (a nonprofit organization), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 8, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pasco-Hernando Workforce Board, Inc.'s (the Organization) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the board of directors and management of the Organization, others within the Organization, Agency for Workforce Innovation, all federal and state awarding agencies and pass through entities, and the U.S. Office of Management and Budget (OMB) and is not intended to be and should not be used by anyone other than these specified parties.

James Moore + Co., P.L.

Gainesville, Florida
November 8, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

To the Board of Directors,
Pasco-Hernando Workforce Board, Inc.:

Compliance

We have audited Pasco-Hernando Workforce Board, Inc.'s (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2011. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and audit guidance provided by the Agency for Workforce Innovation. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test

and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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

This report is intended solely for the information and use of the board of directors and management of the Organization, others within the Organization, Agency for Workforce Innovation, all federal and state awarding agencies and pass through entities, and the U.S. Office of Management and Budget (OMB) and is not intended to be and should not be used by anyone other than these specified parties.

James Moore + Co., P.L.

Gainesville, Florida
November 8, 2011

PASCO-HERNANDO WORKFORCE BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAM
FOR THE YEAR ENDED JUNE 30, 2011

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financing report:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs: CFDA No. 17.225, Unemployment Insurance
TANF Cluster:
CFDA No. 93.558, Temporary Assistance for Needy Families (TANF)
CFDA No. 93.714, ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs

PASCO-HERNANDO WORKFORCE BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAM
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Section I. Summary of Auditors' Results: (Continued)

Identification of major programs: (Continued)

Employment Service Cluster:

CFDA No. 17.207, Employment Service/Wagner-Peyser Funded Activities

CFDA No. 17.801 Disabled Veterans' Outreach Program (DVOP)

CFDA No. 17.804, Local Veterans Employment Representative Program

WIA Cluster:

CFDA No. 17.258, WIA Adult Program

CFDA No. 17.259, WIA Youth Activities

CFDA No. 17.260, WIA Dislocated Workers

CFDA No. 17.278, WIA Dislocated Worker Formula Grants

Dollar threshold used to distinguish between the type A and type B program:

\$ 300,000

Auditee qualified as a low-risk auditee?

Yes No

Section II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With *Government Auditing Standards* :

None noted

Section III. Findings and Questioned Costs for Federal Awards:

None noted

Section IV. State of Florida, Agency for Workforce Innovation Reporting Requirements:

Pasco-Hernando Workforce Board, Inc. performed timely reconciliations between the general ledger accounting system and the One-Stop Management Information System (OSMIS).

Section V. Prior Audit Findings and Corrective Action Plan for Federal Awards:

No prior year findings