



# Pasco-Hernando Workforce Board, Inc.

January 13, 2011  
3185 Premier Drive  
Brooksville, FL 34604  
8:30 a.m.

## Audit/Finance Committee Meeting Agenda

Welcome and Introductions ..... Randy Woodruff, Chairperson

### Business Meeting

#### Action Items:

#### **Audit Finance Committee Minutes of November 15, 2010**

- Motions were approved by Board of Directors on December 16, 2010 ..... Page 1-1

#### Information Items

#### **Presentation of Audit**

- Financial Statements (audit report)..... Page 2-1
- SAS 114 Letter ..... Page 3-1
- SAS 115 Letter ..... Page 4-1

**Financial Report Summary, YTD as of November 30, 2010** ..... Page 5-1

### Public Comments

### Adjournment

**Next Committee Meeting: Thursday, March 10, 2011 at 9:30 a.m.  
3185 Premier Drive, Brooksville 34604**





# Pasco-Hernando Workforce Board, Inc.

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## Audit Finance Committee Summary Minutes November 15, 2010

**Audit Finance Committee Members:** Randy Woodruff, Committee Chairperson (via teleconference); Mark Barry, Don Burgher, Mark Earl (in person)

**Staff:** Jerome Salatino and Dianne Weiss

### Business Meeting

Meeting was called to order at 8.35 a.m. by Mark Barry, who served as Chairperson, as requested by Randy Woodruff, who attended via teleconference.

### Action/Discussion Items:

- Approval of Audit and Finance Minutes

**A motion to approve the minutes of August 16, 2010 was made by Don Burgher and seconded by Mark Earl. The motion was approved unanimously.**

- Modification of FY2010-11 Budget

Dianne Weiss presented the Modification of FY2010-11 Budget. Ms. Weiss reviewed the budget modification items and supporting documents, detailing ARRA NEG OJT and TAA grant funds received, which necessitated the budget modification.

**A motion to approve the Modification of FY2010-11 Budget was made by Mark Earl and seconded by Don Burgher. The motion was approved unanimously.**

- Postponement of RFQ for Employee Benefits

Ms. Weiss reviewed the Postponement of RFQ for Employee Benefits. Ms. Weiss explained that the plan is to adjust the timing of the renewal of the Employee Benefits program to coincide with the Board's fiscal year. Benefit Providers will be better able to respond to the RFQ, which would be submitted during their slower time of the year. Further, aligning the renewal to coincide with the Board's fiscal year will aid in overall budgeting.

**A motion to approve the Postponement of RFQ for Employee Benefits by Mark Earl and seconded by Randy Woodruff. Don Burgher abstained from voting. The motion was approved unanimously.**





# Pasco-Hernando Workforce Board, Inc.

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**Audit Finance Committee Summary Minutes  
November 15, 2010, page 2**

**Information Items:**

- Report on Programmatic Monitoring – Round 1 FY2011

Ms. Weiss gave a status update of the first round of Programmatic Monitoring which included four programs, and any respective finding and corrective actions. Overall, moving the monitoring function in-house has shown positive results with program monitoring reports and output being available in real-time.

- Update on Audit for FY2009-10

Ms. Weiss updated the Committee on the status of the Audit for FY2009-10, which was targeted for completion and review by the Board of Directors at their Dec. 16, 2010 meeting. However, with recent staff turnover, Ms. Weiss has assumed the role of HR Director. This added responsibility, coupled with the mid-year transition of Finance Directors, has delayed meeting the targeted completion date. The requirement is for Audit Plans to be submitted by March 31, 2011 for FY2009-10 and this date will be met.

**Public Comments**

**The meeting adjourned at 9.25 a.m.**

**Next Committee Meeting: January 13, 2011  
3185 Premier Drive, Brooksville, FL 34604**



**PASCO-HERNANDO WORKFORCE BOARD, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010 AND 2009**

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
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**JUNE 30, 2010 AND 2009 AND 2009**

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## 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, 2010 and 2009, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

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, 2010 and 2009, and the changes in its net assets and its cash flows for the year 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 January 10, 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 read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's financial statements as a whole. The accompanying schedule of expenditures of federal awards and State Financial Assistance 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. 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 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.

Gainesville, Florida  
January 10, 2011

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 594,925	\$ 551,921
Grants receivable	1,119,794	468,399
Receivables	-	7,522
Prepaid expenses	44,620	3,530
Total current assets	1,759,339	1,031,372
<b>Property and equipment, net</b>	273,773	399,962
<b>Total Assets</b>	\$ 2,033,112	\$ 1,431,334
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,411,132	\$ 753,986
Deferred revenue	343,775	246,153
Total current liabilities and total liabilities	1,754,907	1,000,139
<b>Commitments and contingencies</b> (Notes 4 and 5)	-	-
Net assets- unrestricted	278,205	431,195
<b>Total Liabilities and Net Assets</b>	\$ 2,033,112	\$ 1,431,334

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, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Unrestricted support and revenue</b>		
Grants and contracts	\$ 10,873,605	\$ 6,305,215
Other income	83,684	43,585
Total unrestricted support and revenue	10,957,289	6,348,800
<b>Expenses</b>		
Program services	10,531,389	5,859,015
Management and general	578,890	489,778
Total expenses	11,110,279	6,348,793
<b>Change in unrestricted net assets</b>	(152,990)	7
<b>Net assets-unrestricted</b> , beginning of year, As previously reported	431,195	395,128
<b>Prior period adjustment</b> (Note 8)	-	36,060
<b>Net assets-unrestricted</b> , beginning of year, As restated	431,195	431,188
<b>Net assets-unrestricted</b> , end of year	\$ 278,205	\$ 431,195

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, 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.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Contract services	\$ 2,026,380	\$ -	\$ 2,026,380
Salaries and related expense	1,089,800	273,343	1,363,143
Tuition and financial assistance	509,087	-	509,087
Building rental	415,346	8,801	424,147
Depreciation	117,585	117	117,702
Utilities	137,757	5,459	143,216
Training	64,415	12,591	77,006
Outreach	531,214	7,078	538,292
Small equipment and software	379,690	-	379,690
Contracted services	53,202	26,512	79,714
Professional services	58,125	104,621	162,746
Program supplies	103,578	4,509	108,087
Repairs and maintenance	106,096	4,001	110,097
Insurance	61,420	2,110	63,530
One-Stop operations	21,984	-	21,984
Travel	61,798	10,085	71,883
Printing and postage	50,560	3,755	54,315
Fees, insurance and test	34,617	50	34,667
Meetings and conferences	13,923	2,700	16,623
Consulting	7,373	14,827	22,200
Employer services	1,188	-	1,188
Dues and subscriptions	13,283	8,898	22,181
Miscellaneous	594	321	915
Total expenses	<u>\$ 5,859,015</u>	<u>\$ 489,778</u>	<u>\$ 6,348,793</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, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (152,990)	\$ 7
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	126,189	117,702
Increase in grants receivable	(651,395)	(25,560)
Decrease (increase) in other receivable	7,522	(7,522)
Increase in deferred revenue	97,622	200,870
Decrease (increase) in prepaids	(41,090)	6,831
Increase in accounts payable and accrued expenses	657,146	229,350
Total adjustments	195,994	521,671
Net cash provided by operating activities	43,004	521,678
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	-	(37,377)
Net cash used in investing activities	-	(37,377)
<b>Net increase in cash and cash equivalents</b>	43,004	484,301
<b>Cash and cash equivalents, beginning of year</b>	551,921	67,620
<b>Cash and cash equivalents, end of year</b>	\$ 594,925	\$ 551,921

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

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

(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. (formerly Pasco-Hernando Jobs and Education Partnership Regional 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 state and 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, 2010 and 2009, 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, 2010 AND 2009**

(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 2006.

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 January 10, 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, 2010 AND 2009**

(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, 2010 and 2009, the bank balance totaled \$1,057,347 and \$1,007,799, respectively. Total uninsured cash balances at June 30, 2010 and 2009 were \$795,307 and \$738,544, 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, 2010 and 2009.

(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.

During September 2009, the Agency for Workforce Innovation (the Agency) conducted a review of the Organization for the years ended June 30, 2009 and 2008. At the conclusion of the review, the Agency determined that approximately \$74,000 of expenses incurred in the 2009 and 2008 years were disallowed. The Organization has complied with the results of the reviews and the total amount of disallowed costs was returned to the Agency in 2010.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

(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, 2010 and 2009 was \$405,700 and \$424,151, which is recorded net of sublease rental income of \$176,596 and \$178,963, respectively. The following is a schedule by years of future minimum rentals under noncancellable leases at June 30, 2010:

Year Ending June 30,	Amount
2011	\$ 593,871
2012	550,737
2013	345,200
2014	353,510
2015	211,831
Thereafter	-
Total	\$ 2,055,149

Minimum payments have not been reduced by minimum sublease rentals of \$595,005 due in the future under noncancellable subleases.

(6) **Property and Equipment:**

Property and equipment consist of the following at June 30:

	2010	2009
Computer equipment	\$ 182,424	\$ 183,494
Office furniture	99,387	99,387
Office equipment	223,429	222,359
Mobile One-Stop Center	294,932	294,392
Software	41,035	41,035
	841,207	841,207
Less: Accumulated depreciation	(567,434)	(441,245)
Total property and equipment, net	\$ 273,773	\$ 399,962

Depreciation expense for the years ended June 30, 2010 and 2009, was \$126,189 and \$105,427, respectively.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010 AND 2009**

(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, 2010 and 2009, 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, 2010 and 2009 were \$150,268 and \$272,009, respectively.

(8) **Prior Period Adjustment:**

Net assets at July 1, 2008 have been restated to adjust for classification errors in prior years' liability accounts related to purchases of property and equipment. The reclassification adjustment increased unrestricted net assets by \$36,060.

**SUPPLEMENTAL INFORMATION**

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-through Grantor/State Grantor Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Expenditures</u>
<b>FEDERAL AWARDS</b>		
<b>U. S. Department of Agriculture - Passed Through State of Florida Agency for Workforce Innovation</b>		
Supplemental Nutrition Assistance Program	10.551	\$ 210,148
<b>Total U.S. Department of Agriculture</b>		<u>210,148</u>
<b>U.S. Department of Labor - Passed Through State of Florida Agency for Workforce Innovation</b>		
WIA Youth Activities	17.259	487,165
ARRA - WIA Youth Activities	ARRA - 17.259	527,124
WIA Adult Program	17.258	1,459,477
ARRA - WIA Adult Program	ARRA - 17.258	1,137,851
WIA Dislocated Workers	17.260	1,317,291
ARRA - WIA Dislocated Workers	ARRA - 17.260	1,549,552
Total for WIA Cluster		<u>6,478,460</u>
Employment Service/Wagner Peyser	17.207	694,005
ARRA - Wagner Peyser Reemployment	ARRA - 17.207	126,422
Disabled Veterans' Outreach Program (DVOP)	17.801	25,552
Local Veterans' Employment Representative Program	17.804	96,853
Total for Employment Service Cluster		<u>942,832</u>
Work Incentive Grants	17.266	32,535
Unemployment Insurance	17.225	363,067
Trade Adjustment Assistance	17.245	72,052
<b>Total U.S. Department of Labor</b>		<u>7,888,946</u>
<b>U.S. Department of Health and Human Services - Passed Through State of Florida Agency for Workforce Innovation</b>		
Temporary Assistance for Needy Families	93.558	2,511,967
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	ARRA - 93.714	235,040
<b>Total Department of Health and Human Services/ Total TANF Cluster</b>		<u>2,747,007</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ 10,846,101</u>

The accompanying notes to schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(Continued)

<u>Federal Grantor/Pass-through Grantor/State Grantor Program Title</u>	<u>CFDA/CSFA Number</u>	<u>Expenditures</u>
<b>STATE FINANCIAL ASSISTANCE</b>		
<b>State of Florida Department of Education: Passed Through State of Florida Agency for Workforce Innovation</b>		
Florida Ready to Work Credential - Business Outreach	48.106	\$ 33,403
<b>Total State of Florida Department of Education Commissioner of Education</b>		<u>33,403</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 33,403</u>
<b>TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>		<u>\$ 10,879,504</u>

The accompanying notes to schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

**PASCO-HERNANDO WORKFORCE BOARD, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2010**

(A) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal awards and state financial assistance activity of Pasco-Hernando Workforce Board, Inc. (the Organization), and is presented on the accrual basis of accounting. The information in this schedule is present 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, 2010:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Employer Service / Wagner Peyser Funded Activities	17.207	\$ 523,621
Unemployment Insurance	17.225	145,016
Trade Adjustment Assistance	17.245	69,910
WIA Cluster:		
WIA Adult Program	17.258	1,775,077
WIA Youth Activities	17.259	747,556
WIA Dislocated Workers	17.260	2,033,518
WIA Cluster Subtotal		<u>4,556,151</u>
Temporary Assistance for Needy Families	93.558	<u>1,526,410</u>
		<u>\$ 6,821,108</u>

**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, 2010, and have issued our report thereon dated January 10, 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*.

We noted certain matters that we reported to management of the Organization in a separate letter dated January 10, 2011.

Pasco-Hernando Workforce Board, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on it.

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.

Gainesville, Florida  
January 10, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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, 2010. 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, Inc. 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, 2010.

**Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the compliance 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 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.

Gainesville, Florida  
January 10, 2011

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**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  
**Employment Service Cluster:**  
 CFDA No. 17.207, Employment Service  
 CFDA No. 17.801 Disabled Veterans' Outreach Program (DVOP)  
 CFDA No. 17.804, Local Veterans Employment Representative Program (LVER)  
**WIA Cluster:**  
 CFDA No. 17.258, WIA Adult Program  
 CFDA No. 17.259, WIA Youth Activities  
 CFDA No. 17.260, WIA Dislocated Workers

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(Continued)

**Section I. Summary of Auditors' Results:** (continued)

**Federal Awards** (continued)

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

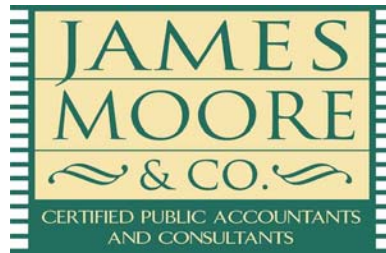
**Section III. Findings and Questioned Costs for Federal Awards:**

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:**



January 10, 2011

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

We have audited the basic financial statements of the Pasco-Hernando Workforce Board, Inc. for the year ended June 30, 2010, and have issued our report thereon dated January 10, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 20, 2010. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Pasco-Hernando Workforce Board, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimate affecting the financial statements was:

Management's estimate of depreciation expense related to fixed assets is based on the estimated useful lives of the assets. We evaluated the key factors and assumptions used to develop the depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

To the Audit Committee  
Pasco-Hernando Workforce Board, Inc.  
January 10, 2011  
Page 2

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of contingencies, reconciliation of financial reporting to OSMIS, and related party transactions in Notes 4, 7, and 8, respectively, to the financial statements.

#### *Difficulties Encountered in Performing the Audit*

We encountered delays in performing and completing the audit due to additional time needed by management and staff to make significant adjustments to finalize the general ledger accounts. In order to perform an efficient audit, we recommend that all items on the audit request list be completed and all adjustments be made prior to audit fieldwork commencing.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 10, 2011.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Audit Committee  
Pasco-Hernando Workforce Board, Inc.  
January 10, 2011  
Page 3

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Finance Committee, Board of Directors, and management of Pasco-Hernando Workforce Board, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "James Moore + Co., P.L." in a cursive, professional style.

JAMES MOORE & CO., P.L.



January 10, 2011

To Management and the Audit Committee of the Board of Directors  
Pasco-Hernando Workforce Board, Inc.:

In planning and performing our audit of the financial statements of Pasco-Hernando Workforce Board, Inc. as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Pasco-Hernando Workforce Board, Inc.'s internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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. 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Additionally, in planning and performing our audit, we became aware of several matters that are an opportunity for strengthening internal policies and operating efficiency. The following are our comments and suggestions concerning these matters:

During procurement testing we noted a computer equipment purchase allowable under the contract with an individual cost greater than \$5,000 that did not include documentation of prior approval from Agency for Workforce Innovation (AWI). This equipment was placed in service and capitalized during fiscal year 2009; however, was selected for testing during the fiscal year 2010 based on a cash disbursement on July 1, 2009. We recommend the Organization review and revise, if needed, its policies and procedures related to procurement to include documentation of purchase authorizations from AWI is maintained with invoice support.

The Organization elected to continue expensing gas cards when issued to service providers. At June 30, 2010, the Organization was responsible for approximately \$22,000 worth of gas cards. We recommend gas cards be recorded as a pre-paid or inventory asset and adjusted monthly based on use in accordance with generally accepted accounting principles. We understand the Organization has chosen to expenses the gas card

To Management and the Audit Committee  
Pasco-Hernando Workforce Board, Inc.  
January 10, 2011  
Page 2

purchases at June 30, 2010, due to immateriality to overall financial statements. In addition, the Organization is no longer purchasing gas cards as of July 1, 2010.

During testing performed over sub-recipients, we noted two instances where invoice support was not maintained by the Organization for monitoring by federal and state agencies. We recommend original documentation to support all invoice payments be maintained on-site either electronically or manually in accordance with the Organization's document retention policies.

This communication is intended solely for the information and use of management, the board of directors and Audit Committee of the Organization, others within the Organization, all federal and state awarding and oversight agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties

Very truly yours,

A handwritten signature in black ink that reads "James Moore + Co., P.L." in a cursive script.

JAMES MOORE & CO., P.L.

Pasco Hernando Workforce Board, Inc.  
 Financial Report Summary  
 YTD as of November 30, 2010

41.67%

Program:	Budget	Budget Modification #4	Modified Budget	FY11 Actual Accrued Expenditures	Budget Balance Remaining	Percent Expended	Year End Expenditure Benchmark
WIA Adult	1,994,191		1,994,191	727,201	1,266,991	36%	50%
ARRA - WIA Adult	184,640		184,640	120,411	64,229	65%	100%
WIA Nat'l Emergency Reserve	192,627		192,627	-	192,627	0%	100%
ARRA NEG OJT	375,396		375,396	37	375,359	0%	200%
ARRA WIA UI Reemployment	151,061		151,061	-	151,061	0%	
WIA Youth	1,170,106		1,170,106	743,889	426,217	64%	50%
WIA Dislocated Wkr	1,694,066		1,694,066	552,041	1,142,025	33%	50%
ARRA - WIA Dislocated Wkr	159,992		159,992	69,433	90,559	43%	100%
WIA Incentives	31,250		31,250	-	31,250	0%	50%
TAA	26,305	77,000	103,305	64,886	38,419	63%	75%
<b>Subtotal WIA</b>	<b>5,979,634</b>	<b>77,000</b>	<b>6,056,634</b>	<b>2,277,899</b>	<b>3,778,735</b>	<b>38%</b>	
Wagner Peyser **	910,747		910,747	357,722	553,025	39%	75%
Wagner Peyser Incentives	20,833		20,833	-	20,833	0%	100%
Veterans Programs **	323,208		323,208	107,708	215,500	33%	100%
Disability Navigator	30,594		30,594	11,466	19,128	37%	100%
FSET	200,000		200,000	70,383	129,617	35%	100%
Unemployment Svcs.	140,608		140,608	39,580	101,028	28%	100%
Re-Employment & Elig (REA)	166,266		166,266	103,079	63,187	62%	100%
<b>Subtotal AWI</b>	<b>1,792,256</b>	<b>-</b>	<b>1,792,256</b>	<b>689,939</b>	<b>1,102,317</b>	<b>38%</b>	
Welfare Transition Program	2,791,876		2,791,876	955,500	1,836,376	34%	100%
Project Access	77,500		77,500	-	77,500	0%	0%
<b>Subtotal WTP</b>	<b>2,869,376</b>	<b>-</b>	<b>2,869,376</b>	<b>955,500</b>	<b>1,913,876</b>	<b>33%</b>	
<b>Total FY 2010 Budget</b>	<b>10,641,266</b>	<b>77,000</b>	<b>10,718,266</b>	<b>3,923,337</b>	<b>6,794,929</b>	<b>37%</b>	

NOTES:

\*\* Includes AWI Staff Salaries

Unbudgeted Funds:	Allocation			Total Program Expenditures	Balance	% Expended
ARRA TANF Subsidized Employment	856,853			660,586	196,267	77%

	Cash in Bank			YTD Revenue	YTD Expenses	Balance
Corporate (Unrestricted Funds)	8,624			2329	326	10,627