

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
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**JUNE 30, 2012 AND 2011**

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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 statements of financial position of Pasco-Hernando Workforce Board, Inc. (the Organization) as of June 30, 2012 and 2011, 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, 2012 and 2011, 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 9, 2012, 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 an opinion on the financial statements as a whole. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*James Moore + Co., P.L.*

Gainesville, Florida  
November 9, 2012

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 228,216	\$ 102,717
Grants and contracts receivable	689,123	803,367
Accounts receivable	20,631	-
Prepaid expenses	109,441	64,412
Total current assets	1,047,411	970,496
<b>Property and equipment, net</b>	66,000	159,685
<b>Other Assets</b>		
Deposits	57,034	50,949
<b>Total Assets</b>	<b>\$ 1,170,445</b>	<b>\$ 1,181,130</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 796,976	\$ 917,663
Deferred revenue	189,389	53,708
Total current liabilities and total liabilities	986,365	971,371
<b>Commitments and contingencies</b> (Notes 4 and 5)	-	-
<b>Net assets- unrestricted</b>		
Operating	118,080	50,074
Property and equipment	66,000	159,685
Total net assets-unrestricted	184,080	209,759
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,170,445</b>	<b>\$ 1,181,130</b>

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, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>Unrestricted support and revenue</b>		
Grants and contracts	\$ 8,856,388	\$ 9,273,280
Other income	99,827	167,542
Total unrestricted support and revenue	8,956,215	9,440,822
<b>Expenses</b>		
Program services	8,665,130	9,106,453
Management and general	316,764	402,815
Total expenses	8,981,894	9,509,268
<b>Change in unrestricted net assets</b>	(25,679)	(68,446)
<b>Net assets-unrestricted, beginning of year</b>	209,759	278,205
<b>Net assets-unrestricted, end of year</b>	\$ 184,080	\$ 209,759

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, 2012**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Contract services	\$ 5,133,902	\$ -	5,133,902
Salaries and related expense	2,328,044	243,462	2,571,506
Building rental	440,235	12,331	452,566
Depreciation	70,808	22,877	93,685
Utilities	133,358	10,295	143,653
Training	7,252	1,227	8,479
Outreach	34,332	190	34,522
Small equipment and software	4,849	1,567	6,416
Professional services	38,284	8,929	47,213
Program supplies	91,946	4,421	96,367
Repairs and maintenance	121,495	5,197	126,692
Insurance	23,927	1,552	25,479
Travel	23,686	773	24,459
Printing and postage	5,109	182	5,291
Meetings and conferences	6,290	2,242	8,532
Employer services	197,247	-	197,247
Dues and subscriptions	3,962	1,519	5,481
Tuition and financial assistance	404	-	404
Total expenses	<u>\$ 8,665,130</u>	<u>\$ 316,764</u>	<u>\$ 8,981,894</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, 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.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (25,679)	\$ (68,446)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	93,685	114,093
Decrease in grants receivable	114,244	316,427
Increase in other receivable	(20,631)	-
Increase in prepaids	(45,029)	(19,792)
Increase in deposits	(6,085)	(50,949)
Decrease in accounts payable and accrued expenses	(120,687)	(493,469)
Increase (decrease) in deferred revenue	135,681	(290,067)
Total adjustments	151,178	(423,757)
Net cash provided by (used in) operating activities	125,499	(492,203)
<b>Net increase (decrease) in cash and cash equivalents</b>	125,499	(492,203)
<b>Cash and cash equivalents, beginning of year</b>	102,717	594,920
<b>Cash and cash equivalents, end of year</b>	\$ 228,216	\$ 102,717

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

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

(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 Department of Economic Opportunity, formerly 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, 2012 and 2011, 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 statements of activities as net assets released from restriction when a donor restriction expires, when a stipulated time 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.

The Organization recognizes revenues from exchange transactions when the service is rendered.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

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

(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 2008.

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) **Reclassifications**—Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation. These reclassifications had no effect on 2011 net assets.

(k) **Subsequent events**—Subsequent events have been evaluated through November 9, 2012, 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, 2012 AND 2011**

(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, 2012 and 2011, the bank balance totaled \$417,824 and \$653,781, respectively. Total uninsured cash balances at June 30, 2012 and 2011 were \$167,824 and \$403,781, 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 Department of Economic Opportunity, formerly the 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) **Grants and contracts receivable:**

Substantially all of the grants and contracts receivable of the Organization are due from the State of Florida, Department of Economic Opportunity. Management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

(4) **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, 2012 and 2011.

(5) **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, 2012 AND 2011**

(6) **Operating Leases:**

The Organization leases office space under operating leases with varying terms through 2017. 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, 2012 and 2011 was \$452,566 and \$365,959, which is recorded net of sublease rental income of \$164,194 and \$175,585, respectively. The following is a schedule by years of future minimum rentals under noncancellable leases at June 30, 2012:

Year Ending June 30,	Amount
2013	\$ 555,185
2014	527,924
2015	366,189
2016	235,796
2017	201,384
Total	\$ 1,886,478

Minimum payments have not been reduced by minimum sublease rentals of \$435,163 due in the future under noncancellable subleases.

(7) **Property and Equipment:**

Property and equipment consist of the following at June 30:

	2012	2011
Computer equipment	\$ 124,919	\$ 176,919
Office furniture	99,387	99,387
Office equipment	223,435	223,435
Mobile One-Stop Center	294,932	294,932
Software	41,035	41,035
	783,708	835,708
Accumulated depreciation	(717,708)	(676,023)
Total property and equipment, net	\$ 66,000	\$ 159,685

Depreciation expense for the years ended June 30, 2012 and 2011, was \$93,685 and \$114,093, respectively.

Property and equipment acquired by the Organization is considered to be owned by Pasco-Hernando Workforce Board, Inc. However, funding sources may maintain an equitable interest in the capital assets purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

(8) **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, 2012 and 2011, 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, 2012 and 2011 were \$62,859 and \$348,141, respectively.

**SUPPLEMENTAL INFORMATION**

**PASCO-HERNANDO WORKFORCE BOARD, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-through Grantor</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<b>FEDERAL AWARDS</b>		
<b>U. S. Department of Agriculture - Passed Through State of Florida Department of Economic Opportunity</b>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 270,000
<b>Total U.S. Department of Agriculture</b>		<u>270,000</u>
<b>U.S. Department of Labor - Passed Through State of Florida Department of Economic Opportunity</b>		
WIA Youth Activities	17.259	868,613
WIA Adult Program	17.258	1,490,965
ARRA - NEG/OJT	ARRA - 17.260	324,669
WIA Dislocated Worker Formula Grants	17.278	2,586,870
Total for WIA Cluster		<u>5,271,117</u>
Employment Service/Wagner-Peyser Funded Activities	17.207	809,243
Disabled Veterans' Outreach Program (DVOP)	17.801	43,162
Local Veterans' Employment Representative Program	17.804	28,936
Total for Employment Service Cluster		<u>881,341</u>
Unemployment Insurance	17.225	362,839
Trade Adjustment Assistance	17.245	233,270
<b>Total U.S. Department of Labor - Passed Through State of Florida Department of Economic Opportunity</b>		<u>6,748,567</u>
H1B Technical Skills Training Grant	17.268	13,244
<b>Total U.S. Department of Labor</b>		<u>6,761,811</u>
<b>U.S. Department of Health and Human Services - Passed Through State of Florida Department of Economic Opportunity</b>		
Temporary Assistance for Needy Families	93.558	1,824,575
<b>Total U.S. Department of Health and Human Services</b>		<u>1,824,575</u>
<b>TOTAL FEDERAL AWARDS</b>		<u><u>\$ 8,856,386</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, 2012**

(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, 2012:

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Amount Provided</b>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 223,132
Employer Service/Wagner-Peyser Funded Activities	17.207	496,115
Trade Adjustment Assistance	17.245	190,472
WIA Cluster:		
WIA Adult Program	17.258	803,980
WIA Youth Activities	17.259	572,949
ARRA – NEG/OJT	17.260	15,500
H1B – Technical Skills Training Grant	17.268	5,188
WIA Dislocated Workers Formula Grants	17.278	1,628,665
WIA Cluster Subtotal		3,029,282
Temporary Assistance for Needy Families	93.558	1,195,870
		<u>\$ 5,134,871</u>

The Organization provided federal awards to subrecipients as follows during the year ended June 30, 2012:

<b>Vendor</b>	<b>Amount Provided</b>
ARC of the Nature Coast	\$ 32,500
Goodwill Industries	5,072,012
Greater Hernando Chamber	17,450
Pasco Economic Development Council	12,909
	<u>\$ 5,134,871</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, 2012, and have issued our report thereon dated November 9, 2012. 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**

Management of Pasco-Hernando Workforce Board, Inc. (the Organization) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's 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, State of Florida Department of Economic Opportunity, 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.C.*

Gainesville, Florida  
November 9, 2012

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

**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 *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, 2012. 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 State of Florida Department of Economic Opportunity. 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, 2012.

**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, State of Florida Department of Economic Opportunity, 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 Maru + Co., P.L.*

Gainesville, Florida  
November 9, 2012

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Section I. Summary of Auditors' Results:**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financing report:

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

Noncompliance material to financial statements noted?      Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?      Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?      Yes   X   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   X   No

Identification of major programs:

**WIA Cluster:**  
 CFDA No. 17.258, WIA Adult Program  
 CFDA No. 17.259, WIA Youth Activities  
  
 CFDA No. 17.260, ARRA - WIA Dislocated Workers  
 CFDA No. 17.278, WIA Dislocated Worker Formula

Dollar threshold used to distinguish between the type A and type B program: \$ 300,000

Auditee qualified as a low-risk auditee?   X   Yes      No

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2012**  
(Continued)

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

None reported

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

None reported

**Section IV. State of Florida, Department of Economic Opportunity 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 audit findings