



**Audit Finance Committee Meeting**

November 15, 2017 – 9.00 a.m.  
New Port Richey  
Room A

**Dial in:** 1.800.750.4065    **Participant Code:** 9422 071#

**Committee Members**

Mark Barry, Mark Earl, Joelle Neri, Ken Minter, Lex Smith

Call to order ..... Mark Barry, Chair

**Discussion Items:**

**Discussion Item 1** – Financial Reports ..... Handouts

**Discussion Item 2** – Audit Update..... Handouts



Pasco Hernando Workforce Board, Inc. Financial Summary Report 30-Apr-17							83%	
							Remaining	Expended or
Pasco Hernando Workforce Board, Inc. Financial Summary Report 30-Sep-17							25.00%	
Program:	Approved Budget	w/carryover Revenue and actual NFA's	FY18 Accrued Expenditures	Unobligated	Total Accrued Expenditures	Budget Balance Remaining	Percent Expended or Obligated	
WIOA Adult	\$ 1,367,453	\$ 1,405,943	\$ 262,554		\$ 262,554	\$ 1,143,389	19%	
WIOA Dislocated Worker	\$ 1,425,814	\$ 1,824,822	\$ 140,882		\$ 140,882	\$ 1,683,940	8%	
WIOA Dislocated Worker - NEG IRMA Funds		\$ 200,000						
WIOA Youth	\$ 1,278,667	\$ 1,784,832	\$ 280,055		\$ 280,055	\$ 1,504,777	16%	
WIOA Supplement	\$ 188,216	\$ 188,216			\$ -	\$ 188,216	0%	
Trade Adjustment Assistance*	\$ 85,212	\$ 78,332	\$ 35,693		\$ 35,693	\$ 42,639	46%	
<b>Subtotal WIOA</b>	<b>\$ 4,345,362</b>	<b>\$ 5,482,145</b>	<b>\$ 719,184</b>	<b>\$ -</b>	<b>\$ 719,184</b>	<b>\$ 4,562,961</b>		
Wagner Peyster *	\$ 562,072	\$ 665,972	\$ 187,428	\$ -	\$ 187,428	\$ 478,544	28%	
Veterans Programs *	\$ 136,540	\$ 136,540	\$ 40,003	\$ -	\$ 40,003	\$ 96,537	29%	
Supplemental Nutrition Assistance Program **	\$ 203,593	\$ 271,457	\$ 67,864	\$ -	\$ 67,864	\$ 203,593	25%	
Unemployment Compensation **	\$ 31,132	\$ 38,883	\$ 4,163	\$ -	\$ 4,163	\$ 34,720	11%	
Reemployment Services & Eligibility Assessment (RESEA) *** Jan - Dec Funding	\$ 233,246	\$ 233,246	\$ 45,417	\$ -	\$ 45,417	\$ 187,829	19%	
SNAP - Special Projects	\$ 29,700	\$ 29,700	\$ 400	\$ 29,300	\$ 400	\$ -	1%	
<b>Subtotal Employment Services</b>	<b>\$ 1,196,283</b>	<b>\$ 1,375,798</b>	<b>\$ 345,275</b>	<b>\$ 29,300</b>	<b>\$ 345,275</b>	<b>\$ 1,001,223</b>		
Welfare Transition Program	\$ 1,814,674	\$ 1,814,674	\$ 445,399	\$ -	\$ 445,399	\$ 1,369,275	25%	
<b>Subtotal Welfare Transition Program</b>	<b>\$ 1,814,674</b>	<b>\$ 1,814,674</b>	<b>\$ 445,399</b>	<b>\$ -</b>	<b>\$ 445,399</b>	<b>\$ 1,369,275</b>		
US DOL LEAP	\$ 350,000	\$ 350,000	\$ 40,992	\$ -	\$ 40,992	\$ 309,008	12%	
<b>Subtotal US DOL LEAP</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 40,992</b>	<b>\$ -</b>	<b>\$ 40,992</b>	<b>\$ 309,008</b>		
Corporate Unrestricted Funds	\$ 30,000	\$ 30,000	\$ 10,116	\$ -	\$ 10,116	\$ 19,884	34%	
<b>Subtotal Corporate</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 10,116</b>	<b>\$ -</b>	<b>\$ 10,116</b>	<b>\$ 19,884</b>		
<b>Total FY 2018 Budget</b>	<b>\$ 7,736,319</b>	<b>\$ 9,052,617</b>	<b>\$ 1,560,966</b>	<b>\$ 29,300</b>	<b>\$ 1,560,966</b>	<b>\$ 7,262,351</b>	<b>17%</b>	

\* Does not include DEO Staff Salaries

\*\* Funding runs through 9/30/18 - for this fiscal year the portion of 7/1/18-9/30/18 has been backed out (\$65,504)

**Pasco-Hernando WFB 16**  
**Statement of Revenues and Expenditures**  
**From 7/1/2017 - 9/30/2017**

	<u>7/1/16 - 9/30/16</u>	<u>7/1/17 - 9/30/17</u>	<u>Current Year Change</u>
Operating Revenue			
Grant Revenue	1,902,063	1,412,435	(489,628)
Program Revenue	9,152	20,047	10,895
Investment Income	46	47	0
Total Operating Revenue	<u>1,911,261</u>	<u>1,432,529</u>	(478,733)
Total Revenue	<u>1,911,261</u>	<u>1,432,529</u>	(478,733)
Expenditures			
Personnel Expenses	920,564	742,006	(178,559)
Program Expenses	622,947	518,968	(103,979)
Professional Fees	46,377	65,470	19,093
Supplies	97,725	27,136	(70,589)
Telephone	17,861	18,513	652
Postage & Shipping	772	234	(538)
Occupancy	129,623	122,440	(7,183)
Maintenance & Repairs	8,454	10,886	2,431
Equipment Rental	10,611	9,968	(643)
Dues & Subscriptions	0	3,846	3,846
Miscellaneous	<u>63,317</u>	<u>41,498</u>	(21,818)
Total Expenditures	<u>1,918,252</u>	<u>1,560,964</u>	(357,287)
Net Revenue Over Expenditures	(6,990)	(128,436)	(121,445)

**Explanation of significant variances:**

REVENUE:	This is a decrease in cash draws, however they are directly related to the expenditures
PERSONNEL EXPENSES:	Timing of incentives; D. Weiss departure and associated payouts
PROGRAM EXPENSES:	Accruals reversed that were higher than final invoices and a reduction in spending levels
SUPPLIES:	Purchase of 45 lap tops in 2016

**Miscellaneous consists of the following general ledger accounts:**

Insurance  
Travel & Training  
Outreach  
Cost Pools

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Pasco-Hernando Workforce Board, Inc.  
(d/b/a CareerSource Pasco Hernando)  
Spring Hill, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Pasco-Hernando Workforce Board, Inc. (d/b/a CareerSource Pasco Hernando) (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **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, 2017, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Powell and Jones  
Certified Public Accountants  
November 12, 2017

## **FINANCIAL STATEMENTS**



**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 479,671
Grants receivable	584,492
Accounts receivable	935
Prepaid expenses	95,644
Deposits and other	60,558
Total current assets	<u>1,221,300</u>
Property and equipment, net	<u>37,025</u>
Total assets	<u><u>\$ 1,258,325</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Deferred grant revenue	\$ 208,849
Accounts payable	82,346
Contracts payable	466,583
Accrued wages and benefits	123,412
Accrued compensated absences	203,554
Due to grantor	5,428
Total current liabilities	<u>1,090,172</u>
Net assets:	
Property and equipment	131,128
Unrestricted	37,025
Total net assets	<u>168,153</u>
Total liabilities and net assets	<u><u>\$ 1,258,325</u></u>

See notes to financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues:	
Grant revenue	\$ 7,730,354
Other income	43,114
Total revenue	<u>7,773,468</u>
Expenses:	
Programs	7,015,588
Administrative	759,238
Total expenses	<u>7,774,826</u>
Change in net assets	(1,358)
Net assets, beginning of fiscal year	169,511
Net assets, end of fiscal year	<u>\$ 168,153</u>

See notes to financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Cash flows from operating activities:	
Change in net assets	\$ (1,358)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,937
(Increase)/Decrease in:	
Grants receivable	(285,332)
Prepaid expense	15,857
Deposits and other	61
Increase /(Decrease) in:	
Accounts and contracts payable	265,611
Accrued wages and benefits	(3,459)
Accrued compensated absences	(58,772)
Deferred grant revenue	83,072
Due to grantor	(10,974)
Net cash provided by operating activities	<u>22,643</u>
Total increase in cash and cash equivalents	22,643
Cash and cash equivalents, beginning of year	<u>457,028</u>
Cash and cash equivalents, end of year	<u><u>\$ 479,671</u></u>

See notes to financial statements.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - NATURE OF OPERATIONS**

Pasco-Hernando Workforce Board, Inc. (the "Organization ") is a not-for-profit corporation that was established under the laws of the State of Florida. The Organization is one of twenty-four Regional Workforce Development Boards in the State of Florida providing for the development, planning, monitoring and administration of grants and programs. The majority of the Organization's funding is through the following grants: Workforce Innovation and Opportunity Act (WIOA Title I), Temporary Assistance for Needy Families and Wagner Peyser.

The majority of the programs services are administered by sub-recipients (Goodwill Industries Inc. and Eckerd Youth Alternatives, Inc.).

The Organization covers Region 16 which includes Pasco and Hernando counties. 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting and Presentation

The Organization uses the accrual basis of accounting, in which revenues are recognized when they are earned and expenses are recognized when they are incurred. Revenues and the related expenses of cost-reimbursement grant programs are recognized as allowable costs are incurred. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities". Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Organization recognizes only those contributed services which are provided by individuals possessing "specialized skills".

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted grant revenues are reported in the Statement of Activities as unrestricted revenues if the restrictions are met during the Organization's fiscal year. Federal grant advances are classified as refundable advances until expended for the purpose intended.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Organization recognizes revenues from exchange transactions when the services is rendered. Receivables are recognized for outstanding invoices.

### Accounts Receivable

The Organization's accounts receivable mainly consist of amounts receivable from governments and governmental agencies for grants and appropriations. The Organization considers its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. Any accounts deemed uncollectible would be charged to expense when the determination is made. There were no uncollectible accounts during the fiscal year ended June 30, 2017. The Organization does not charge interest on outstanding accounts receivable.

### Prepaid Expenses

Prepaid expenses consist of prepaid rents and leases, insurance and other annual contractual and dues renewals.

### Deferred Revenue

Deferred revenue represents grant money which has been received, but for which the prescribed services have not yet been completed. These revenues will be recognized as income when these services are completed.

### Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is feasible to estimate that value:

Cash, Accounts Receivable and Accounts Payable – Carrying amount approximates fair value due to the short maturity of these financial instruments.

### Donated Use of Assets and Donated Services

The estimated fair value of the free use of assets owned by others, and the estimated fair value of contributed services of individuals with special skills over which the Organization exercises control, and which constitutes an enhancement to the normal program or services that would not otherwise be performed by paid personnel, the amount of which is clearly measurable, are also recorded and reflected in the accompanying financial statements.

### Fixed Assets

Property and equipment are recorded at cost, if purchased by the Organization, or at fair market value at the date of the gift, if received as a donation. The Organization capitalizes those assets with a cost of \$5,000 or greater. Depreciation is provided using the straight-line method over the following estimated useful lives:

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Assets</u>	<u>Years</u>
Software	3
Computer and Office Equipment	3
Vehicles	5
Furniture and Fixture	10

Substantially all fixed assets recorded by the Organization were acquired with Federal funds. Accordingly, certain rules and regulations apply to the acquisition, recording, use and disposition of such fixed assets, including authorization for disposal by the specific grantor agency.

### Income Taxes

The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). Management has evaluated the effect of the guidance provided by U.S. Generally Accepted Accounting Principles on Accounting for Uncertainty in Income Taxes. Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at June 30, 2017. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Organization had no uncertain income tax positions. As required by the Internal Revenue Service's regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service. Those returns for 2017, 2016, and 2015 are currently subject to review and adjustment by the Internal Revenue Service.

### Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all investments with an original maturity of three months or less to be cash equivalents.

At June 30, 2017, the Organization had bank balances totaling \$1,019,697 in a regional bank. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured cash balances at June 30, 2017 were \$769,697.

### Paid Leave Time

Organization employees are entitled to certain paid leave time benefits based on length of employment and other factors. These benefits either vest or accumulate and are accrued when they are earned. The amount of paid leave time accrued at June 30, 2017 was \$203,554.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. 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 which are directly shared have been allocated, based on a percentage of direct costs, among programs and supporting services. Indirect costs are allocated to benefiting programs based upon an indirect cost rate approved by the U.S Department of Labor.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the period. Actual results could vary from the estimates that were used.

## NOTE 3 – GRANTS RECEIVABLE

Grants receivable consist of the following at June 30:

	<u>2017</u>
SNAP	\$ 21,893
WIOA-Adult	151,993
WIOA-Youth	102,023
WIOA-Dislocated Workers	210
Reemployment & Eligibility Assessment	57,895
Trade Adjustment Assistance	20,239
Wagner Peyser	86,593
Local Veterans Employment Representative	48,615
Disabled Veterans Outreach Program	40,531
Unemployment Compensation	5,065
Leap-2	49,435
Total	<u>\$ 584,492</u>

## NOTE 4 – DEFERRED GRANT REVENUE

The Organization records advances on grants as deferred grant revenue until it is expended for the purpose of the grant or contract, at which time it becomes unconditional and is recognized as revenue.

Deferred grant revenue consisted of the following at June 30:

	<u>2017</u>
WIOA Dislocated Worker	\$ 208,849
Total Deferred Grant Revenue	<u>\$ 208,849</u>

## NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

Asset	2017
Computer equipment	\$ 288,775
Office furniture	114,039
Office equipment	167,176
Mobile One-Stop Center	294,932
Software	62,900
	<u>927,822</u>
Less: Accumulated Depreciation	<u>(890,797)</u>
	<u>\$ 37,025</u>

Depreciation expense for the fiscal year ended June 30, 2017 was \$17,937.

## NOTE 6 - GRANTS AND CONCENTRATION

Grants are subject to renewals and period amendments and require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Organization deems the contingency remote since by accepting the contracts and their terms it has accommodated the objectives of the grantors to the provisions of these contracts.

Grants accounted for approximately 99% of revenues for the fiscal year ended June 30, 2017. Should a significant reduction in funding occur, the Organization's ability to fund its programs would be greatly reduced.

## NOTE 7 - 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 Organization makes a matching contribution of up to 5 percent of employees' eligible earnings. Although not required to do so, the Organization may decide to make additional contributions to the Plan. This additional contribution, if made, will be allocated to all employees eligible to participate in the Plan as of the end of each Plan year based on eligible earnings within the computation period. Employees are fully vested in their total account balance in the Plan. During the fiscal year ended June 30, 2017, the Organization made matching contributions of \$94,977 to the Plan.

## NOTE 8 - LEASE COMMITMENTS

### As Lessee

The Organization leases office space under operating leases with varying terms through 2020. 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 fiscal year ended June 30, 2017 \$321,788, which is recorded net of sublease rental income of



\$142,912. Minimum future annual lease payments under operating leases are as follows:

As Lessee:	
Year Ending June 30,	Total
2018	\$ 424,414
2019	427,980
2020	350,761
2021	211,577
2022	200,150
Total	<u>\$1,614,882</u>

As Lessor

The Organization has long-term operating lease agreements with certain entities to occupy space in its offices and at One-Stop Career Centers. Minimum future annual rents receivable that have remaining terms are as follows:

As Lessor:	
Year Ending June 30,	Total
2018	\$ 98,811
2019	98,539
2020	81,775
Total	<u>\$ 279,125</u>

**NOTE 9 - 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.

**NOTE 10 - RELATED PARTIES**

The Organization's Board of Directors includes representatives of both the private and public sector industries. During the fiscal year ended June 30, 2017, the Organization entered into 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 fiscal year ended June 30, 2017 were \$ 28,000.

**NOTE 11 - IN-KIND REVENUE AND EXPENSE**

During the current fiscal year, the Organization received advertising services from Google free of charge. The value of the service of \$51,280 for the current fiscal year is recorded as in-kind revenue and expense. The amounts are included in other income and administrative expense.

**NOTE 12 - RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND THE STATEMENT OF ACTIVITIES TO OSMIS**

As required, the Organization regularly reconciles its financial records to the One Stop Management Information System (OSMIS) maintained by DEO. As of June 30, 2017, no discrepancies were noted.

Amounts expended on Schedule of Expenditures of Federal Awards and revenues and expenses on the Statement of Activities were determined in accordance with the accrual basis of accounting. The following shows a reconciliation of grant revenue on the Schedule of Expenditures of Federal Awards and the amounts reported in OSMIS for the fiscal year ended June 30, 2017:

Expenditures/grant revenue	\$7,730,353
Funding directly obtained from the Federal government and other entities, not passed through the State OSMIS system	(148,662)
Amounts due back to grantor	(5,428)
Net reconciling item for prior year indirect cost adjustments	(99,770)
Amount reported in OSMIS	<u>\$7,476,493</u>

**NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through November 12, 2017, the date the financial statements were available to be issued.

**NOTE 9. DESCRIPTION OF PROGRAM SERVICES**

The Organization had the following program services in the fiscal years ended June 30, 2017:

Workforce Innovation and Opportunity Act (WIOA) - WIOA programs provide youth, adults and dislocated workers with the information, advice, job search assistance and training they need to get and keep good jobs and provide employers with skilled workers.

Wagner-Peyser - Wagner-Peyser programs are designed to improve the functioning of the nation's labor markets by bringing together individuals who are seeking employment with employers who are seeking workers.

Unemployment Compensation (UC) – The UC grant is used to administer the program of unemployment compensation insurance for eligible workers through Federal and State cooperation.

Reemployment Services and Eligibility Assessments - The Worker Profiling and Reemployment Services (WPRS) system, mandated by Public Law 103-152 of the Unemployment Compensation Amendments of 1993, is designed to identify and rank or score unemployment insurance claimants by their potential for exhausting their benefits for referral to appropriate reemployment and training services.

Trade Adjustment Assistance (TAA) – The TAA program provides adjustment assistance to qualified workers adversely affected by foreign trade.

Disabled Veterans Outreach Program (DVOP) - DVOP grants are used to develop jobs and job training opportunities for disabled and other veterans and to provide outreach to veterans through community agencies and organizations.

Local Veterans Employment Representative (LVER) – The LVER program provides job development, placement and support services directly to veterans.

Supplemental Nutrition Assistance Program (SNAP) - Florida’s Supplemental Nutrition Assistance Program is designed to provide voluntary training, education, support services and skills to food stamp recipients.

Temporary Assistance for Needy Families (TANF) - TANF programs are designed to emphasize work, self-sufficiency, and personal responsibility for welfare recipients and to enable them to move from welfare to work.

LEAP – 2 – The purpose of this program is to provide incarcerated individuals with workforce services prior to release and link them to a continuum of services offered through their community-based Specialized American Job Centers post-release.

The following is a schedule of expenditures for the various employment programs for the fiscal ended June 30, 2017:

	<u>2017</u>
WIOA	\$ 4,141,585
Wagner-Peyser	495,379
Unemployment Compensation	44,071
Reemployment Services and Eligibility Assessments	173,137
Trade Adjustment Assistance	70,111
Veterans' Programs	156,678
Supplemental Nutrition and Assistance Program	251,185
Welfare Transition/TANF	2,249,545
LEAP - 2	<u>148,662</u>
	<u>\$ 7,730,353</u>

**NOTE 10. FAIR VALUE MEASUREMENTS**

At June 30, 2017, the Organization had no assets or liabilities subject to disclosure of fair value measurements as to valuation levels hierarchy per Financial Accounting Standards Board Statement No. 157.

**NOTE 11. RISK MANAGEMENT**

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

- Workers' Compensation and Employers' Liability
- General and Professional Liability
- Personal Property Damage
- Directors' and Officers' Liability

**SINGLE AUDIT AND COMPLIANCE SECTION**

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Agriculture:</u></b>			
Supplemental Nutrition Assistance Program	FSF17	10.561	\$ 300
Supplemental Nutrition Assistance Program	FSH16	10.561	47,292
Supplemental Nutrition Assistance Program	FSH17	10.561	203,593
			<u>251,185</u>
 <b><u>U.S. Department of Labor:</u></b>			
LEAP-2	PE-29754-16-60-A-12	17.270	<u>148,662</u>
Passed through the Florida Department of Economic Opportunity			
Workforce Innovation and Opportunity Act (WIOA) Cluster:			
WIOA Adult	WIA17	17.258	1,325,740
WIA Performance Incentives	WIS16	17.258	28,571
WIOA Youth	WIY16	17.259	438,349
WIOA Youth	WIY17	17.259	787,022
WIA Performance Incentives	WIS16	17.259	28,571
WIOA Dislocated Worker	WID16	17.278	462,255
WIOA Dislocated Worker	WID17	17.278	1,029,699
WIA Performance Incentives	WIS16	17.278	41,378
Total WIOA Cluster			<u>4,141,585</u>
Employment Services Cluster:			
Wagner Peyser	WPA17	17.207	495,379
Local Veterans Employment Representative Program	LVR16	17.801	37,029
Local Veterans Employment Representative Program	LVR17	17.801	48,615
Disabled Veterans' Outreach Program	DVP16	17.801	20,503
Disabled Veterans' Outreach Program	DVP17	17.801	50,531
Total Employment Services Cluster			<u>652,057</u>
Passed through the Florida Department of Economic Opportunity			
Unemployment Compensation:			
Reemployment and Eligibility Assessments	UCRE6	17.225	65,242
Reemployment and Eligibility Assessments	UCRE7	17.225	107,895
Unemployment Compensation	UCB16	17.225	14,006
Unemployment Compensation	UCB17	17.225	30,065
			<u>217,208</u>
Trade Adjustment Assistance:			
Trade Adjustment Assistance	TAT14	17.245	17,859
Trade Adjustment Assistance	TAA15	17.245	7,773
Trade Adjustment Assistance	TAT15	17.245	44,479
			<u>70,111</u>
Total U.S. Department of Labor			<u>5,229,623</u>

(Continued)

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through the Florida Department of Economic Opportunity			
Welfare Transition	WTS16	93.558	\$ 113,115
Welfare Transition	WTS16	93.558	458,112
Welfare Transition	WTS17	93.558	<u>1,678,318</u>
Total U.S. Department of Health and Human Services			<u>2,249,545</u>
<b>Total Federal Expenditures</b>			<b><u>\$ 7,730,353</u></b>

See notes to the Schedule of Expenditures of Federal Awards.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 - SCOPE OF AUDIT PURSUANT TO THE OMB COMPLIANCE SUPPLEMENT**

**Federal Awards Programs**

All Federal grant operations of Pasco-Hernando Workforce Board, Inc. (the Organization) are included in the scope of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement in Appendix XI of the Uniform Guidance (Revised April 2017, the "Compliance Supplement"). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent all Federal award Type A programs with the fiscal year 2017 cash and noncash expenditures in excess of \$750,000 and other grants that ensure coverage of at least 20 percent of Federally granted funds.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grants to the Organization that had activity during the fiscal year ended June 30, 2017. The basis of accounting is described in Note 2 to the Organization 's financial statements.

**NOTE 3 - SUBRECIPIENTS**

The Organization provided federal awards to subrecipients as follows during the fiscal year ended June 30, 2017:

<u>Program Title</u>	<u>Federal CFDA#</u>	<u>Amount</u>
Trade Adjustment Assistance	17.245	\$ 62,337
WIOA - Cluster:		
WIOA - Adult Program	17.258	978,289
WIOA - Youth Activities	17.259	831,928
WIOA - Dislocated Worker	17.278	711,244
LEAP - 2	17.270	15,614
Total		<u>\$2,599,412</u>

**NOTE 4 - INDIRECT COST RATE**

The Organization did not elect to use the 10% de Minimis indirect cost rate.



**INDEPENDENT AUDITOR'S 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**

Board of Directors  
Pasco-Hernando Workforce Board, Inc.  
(d/b/a CareerSource Pasco Hernando)  
Spring Hill, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Pasco-Hernando Workforce Board, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **Purpose of this Report**

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

This report is intended for the information of the management, Board of Directors, and grantor agencies and is not and should not be used by anyone other than these specified parties.

Powell and Jones  
Certified Public Accountants  
November 12, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

Board of Directors  
Pasco-Hernando Workforce Board, Inc.  
(d/b/a CareerSource Pasco Hernando)  
Spring Hill, Florida

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

We have audited Pasco-Hernando Workforce Board, Inc.'s (a nonprofit organization) (the "Organization ") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Organization 's major federal programs for the fiscal year ended June 30, 2017. The Organization 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

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

**Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Powell and Jones  
Certified Public Accountants  
November 12, 2017

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**A. SUMMARY OF AUDIT RESULTS**

**SECTION 1 - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	<b><i>Unmodified Opinion</i></b>
Material weakness(es) identified?	<b>No</b>
Significant deficiency(ies) identified not considered to be material weakness?	<b>None</b>
Noncompliance material to financial statements noted?	<b>No</b>

**Federal Awards Programs**

Internal control over major federal awards programs:	
Material weakness(es) identified?	<b>No</b>
Significant deficiency(ies) identified not considered to be material weakness?	<b>None</b>
Type of auditor's report issued on compliance for major federal awards programs:	<b><i>Unmodified Opinion</i></b>
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<b>No</b>

Identification of major federal awards programs:

<b><u>CFDA#</u></b>	<b>Federal Program</b>
93.558	<b><u>U.S. Department of Health and Human Services</u></b> Temporary Assistance for Needy Families
17.225	<b><u>U.S. Department of Labor</u></b> Unemployment Compensation Employment Service Cluster
17.207	Wagner Peyser
17.801	Disabled Veterans Outreach Program
17.801	Local Veterans' Employment Representative

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low risk auditee for audit of federal awards program?	No
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**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Significant Deficiency**

**FS/FA 2016-01 Indirect Cost Rate Application:**

Finding summary: At the end of the fiscal year ended June 30, 2016, before adjustment, the indirect costs charged to each grant were significantly over and under the negotiated indirect cost rate. The Organization received approval for its indirect cost rate proposal from its cognizant agency. Under the Uniform Guidance, the Organization is required to apply indirect costs to all of its Federal awards based on the methodology and rate in this proposal. The Organization was not using the correct methodology when allocating indirect costs on a monthly basis during the year. The Organization was using the same methodology that it used before the Uniform Guidance was effective.

Status: Corrective action was taken and the finding is fully corrected.

**Other Findings**

**FS 2016-02 Procurement Procedures:**

Finding summary: During procedures it was noted that the procurement policy was not applied consistently for certain purchases. Certain invoices were not approved by department heads and purchase orders were used inconsistently. Also noted that there appears to be contradictory language in the procurement policy regarding when purchase orders are required.

Status: Corrective action was taken and the finding is fully corrected.

**FS 2016-03 Employee Election Documentation:**

Finding summary: It was noted that during fiscal year 2016 the Organization did not have documentation of the employee elections for insurance deductions.

Status: Corrective action was taken and the finding is fully corrected.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FORTHE FISCAL YEAR ENDED JUNE 30, 2017**  
**(Continued)**

**FS 2016-04 Financial Policies and Procedures Manual:**

Observation: It was noted that the Organization's financial policies and procedures manual was not updated to reflect the Uniform Guidance.

Status: Corrective action was taken and the finding is fully corrected.

**FS 2016-05 Unallocated costs:**

Observation: It was noted that before the start of the audit the Organization did not fully allocate its cost pools. As a result, grants were not charged the correct amounts for the year.

Status: Corrective action was taken and the finding is fully corrected

## MANAGEMENT LETTER

Board of Directors  
Pasco-Hernando Workforce Board, Inc.  
(d/b/a CareerSource Pasco Hernando)  
Spring Hill, Florida

We have audited the financial statements of Pasco-Hernando Workforce Board, Inc. (d/b/a CareerSource Pasco Hernando) (the Organization) as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 12, 2017.

We conducted our audit 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; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Department of Economic Opportunity's (DEO) Audit and Audit Resolution Responsibilities (AWI FG 05-019) issued August 12, 2005. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Audit Standards*, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated November 12, 2017, should be considered in conjunction with this management letter.

Current Year Finding:

### 2017-1 Payroll Transactions

The Organization uses a payroll service to administer its payroll and its employee fringe benefits. From our review of payroll transactions, we found the following:

1. One employee received a pay check that covered a period after the employee's termination date.
2. Two employees received health insurance benefits after their termination dates.

We determined that these errors occurred because there was not an established process to assure that separated employees were promptly and accurately removed from the payroll services' pay and benefits systems. Also there was not an established process to review and approve payroll registers and benefits prior to being paid by the Organization.



## CONCLUSION

We have reviewed information regarding our audit with management and have provided them with appropriate documentation as requested. We very much enjoyed the challenges and experiences associated with this audit of the Organization. We appreciate the overall quality of the financial records and personnel in the Organizations office. We appreciate the helpful assistance and courtesy afforded us by these employees.

Powell and Jones  
Certified Public Accountants  
November 12, 2017