

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for June 30, 2014)**

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for June 30, 2014)**

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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, 2015 and 2014, and the related statements of activities and cash flows for the fiscal years 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, 2015 and 2014, 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 March 15, 2016 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.

March 15, 2016

## **FINANCIAL STATEMENTS**

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

	2015	2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 274,766	\$ 345,351
Grants receivable	479,694	500,116
Accounts receivable	935	935
Prepaid expenses	133,355	87,788
Deposits and other	60,557	76,694
Total current assets	949,307	1,010,884
Property and equipment, net	126,342	154,197
Total assets	\$ 1,075,649	\$ 1,165,081
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	411,887	491,605
Accrued wages and benefits	87,560	62,974
Accrued compensated absences	175,506	141,404
Refundable advances	163,535	200,040
Total current liabilities	838,488	896,023
Net assets:		
Unrestricted	110,819	114,861
Property and equipment	126,342	154,197
Total net assets	237,161	269,058
Total liabilities and net assets	\$ 1,075,649	\$ 1,165,081

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, 2015**  
**(With Comparative Totals for 2014)**

	2015	2014
	Unrestricted	Unrestricted
Revenues:		
Grant revenue	\$ 8,108,105	\$ 8,173,477
Other income	105,833	81,160
Total revenues	8,213,938	8,254,637
Expenses:		
Program	7,668,079	7,763,194
Administrative	577,756	415,177
Total expenses	8,245,835	8,178,371
Change in net assets	(31,897)	76,266
Net assets, beginning of fiscal year	269,058	192,792
Net assets, end of fiscal year	\$ 237,161	\$ 269,058

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, 2015**  
**(With Comparative Totals for 2014)**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (31,897)	\$ 76,266
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	63,488	31,998
(Increase)/Decrease in:		
Grants receivable	20,422	86,720
Accounts receivable	-	(3)
Prepaid expense	(45,567)	(15,310)
Deposits and other	16,137	(9,660)
Increase/(Decrease) in:		
Accounts payable and accrued expenses	(21,030)	141,235
Deferred revenue	(36,505)	40,855
Net cash provided (used) by operating activities	(34,952)	352,101
Cash flows from investing activities:		
Acquisition of fixed assets	(35,633)	(113,839)
Net cash (used) by investing activities	(35,633)	(113,839)
Total increase (decrease) in cash and cash equivalents	(70,585)	238,262
Cash and cash equivalents, beginning of fiscal year	345,351	107,089
Cash and cash equivalents, end of fiscal year	\$ 274,766	\$ 345,351

See notes to financial statements



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

**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 Investment Act (WIA Title I), Temporary Assistance for Needy Families and Wagner Peyser.

The majority of the programs services are administered by a sub-recipient (Goodwill Industries 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)

### 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.

### Allowance for Doubtful Accounts

Management believes that all receivables are collectible within one year; therefore, the Organization has not included a provision for uncollectible accounts. Any accounts deemed uncollectible will be charged to expense when the determination is made. There were no uncollectible accounts during the fiscal year ended June 30, 2015.

### 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:

<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, 2014. 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 2014, 2013, and 2012 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, 2015, the Organization had bank balances totaling \$677,287 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, 2014 were \$427,287.

### 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, 2015 was \$175,506.

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

### 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 have been allocated among program and supporting services. Benefit costs are allocated based on a percentage of direct costs.

### 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:

	2015	2014
WIA Adult	\$ 163,249	\$ 324,636
WIA Youth	257,600	-
USDOL H1B	26,862	118,271
WIA Dislocated Workers	27,588	50,885
Reemployment & Eligibility Assessment	-	4,751
Trade Adjustment Assistance	2,619	-
Workforce Innovation	1,776	1,573
<b>Grants Receivable</b>	<b>\$ 479,694</b>	<b>\$ 500,116</b>

## NOTE 4 - REFUNDABLE ADVANCES

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

Refundable advances consist of the following at June 30:

	2015	2014
Wagner Peysen	\$ 108,512	\$ 76,811
Trade Adjustment Assistance	53,102	53,102
Welfare Transition	123	34,419
FSET	1,798	-
WIA Youth	-	32,233
National Emergency	-	3,475
<b>Refundable Advances</b>	<b>\$ 163,535</b>	<b>\$ 200,040</b>

## NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

Asset	2015	2014
Computer equipment	\$ 288,775	\$ 288,775
Office furniture	99,387	99,387
Office equipment	196,252	216,085
Mobile One-Stop Center	294,932	294,932
Signage	14,652	14,652
Software	41,035	41,035
	<u>935,033</u>	<u>954,866</u>
Less: Accumulated Depreciation	(808,691)	(800,669)
	<u>\$ 126,342</u>	<u>\$ 154,197</u>

Depreciation expense for the fiscal years ended June 30, 2015 and 2014 was \$63,488 and \$31,998, respectively.

## 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, 2015. 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, 2015, the Organization made matching contributions of \$66,750 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 years ended June 30, 2015 and 2014 was \$381,665 and \$385,811, which is recorded net of sublease rental income of \$145,774 and \$148,204, respectively. Minimum future annual lease payments under operating leases are as follows:

As Lessee:	
Year Ending June 30,	Total
2016	\$ 461,821
2017	431,038
2018	233,282
2019	230,169
2020	159,643
Total	<u>\$ 1,515,953</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
2016	\$ 77,267
2017	57,129
2018	19,778
2019	18,130
Total	<u>\$ 172,304</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, 2015, 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 fiscal year ended June 30, 2015 were \$14,394.

## 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 \$49,459 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 AWI. As of June 30, 2015, no discrepancies were noted.

Amounts expended on Schedule of Expenditures of Federal Awards and State Financial Assistance 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 State Financial Assistance and the amounts reported in OSMIS for the fiscal year ended June 30, 2015:

Expenditures/grant revenue	\$ 8,108,105
Funding directly obtained from the Federal government and other entities, not passed through the State OSMIS system	<u>(776,696)</u>
Amount reported in OSMIS	<u>\$ 7,331,409</u>

**NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through March 15, 2016, the date the financial statements were available to be issued.

**PASCO-HERNANDO WORKFORCE BOARD, INC.**  
**(d/b/a CareerSource Pasco Hernando)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>Federal Grantor/Pass Through Grantor/Program</b>	<b>CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Labor</u></b>		
<b><u>Employment and Training Administration</u></b>		
H-1B Technical Skills Training Grant	17.268	\$467,034
Workforce Innovation Grant	17.283	309,662
Passed through the State of Florida		
Agency for Workforce Innovation		
Workforce Investment Act (WIA) - Adult Program		
WIA Adult	17.258	1,477,460
Workforce Investment Act (WIA) - Youth Program		
WIA Youth	17.259	1,320,503
Workforce Investment Act (WIA) - Dislocated Worker Program		
WIA Dislocated Worker	17.278	1,507,900
Trade Adjustment Assistance		
Trade Adjustment Assistance	17.245	106,119
National Emergency - OJT	17.277	3,676
Employment Service		
Wagner Peysner	17.207	670,719
Unemployment Insurance		
Unemployment Compensation	17.225	267,707
<b><u>U.S. Department of Labor</u></b>		
<b><u>Veterans Employment and Training</u></b>		
Passed through the State of Florida		
Agency for Workforce Innovation		
Disabled Veterans Outreach Program	17.801	44,627
Local Veterans Employment Representative Program	17.804	6,375
<b><u>U.S. Department of Agriculture</u></b>		
<b><u>Food and Nutrition Service</u></b>		
Passed through the State of Florida		
Agency for Workforce Innovation		
State Administrative Matching Grants for the		
Supplemental Nutrition Assistance Program	10.561	211,534
<b><u>U.S. Department of Health and Human Services</u></b>		
<b><u>Administration for Children and Families</u></b>		
Passed through the State of Florida		
Agency for Workforce Innovation		
Temporary Assistance to Needy Families		
Welfare Transition Program	93.558	1,715,480
Total Federal Awards		<u>\$ 8,108,796</u>

See notes to 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 YEAR ENDED JUNE 30, 2014**

**NOTE A - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133**

**Federal Awards Programs**

All Federal grant operations of Pasco-Hernando Workforce Board, Inc. (the Organization) are included in the scope of the Office Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133 Compliance Supplement (Revised June 2015, 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 2015 cash and noncash expenditures in excess of \$300,000 and other grants that ensure coverage of at least 25 percent of Federally granted funds.

The programs tested as major programs include:

<u>Federal Program</u>	<u>CFDA No.</u>
WIA Adult	17.258
WIA Youth	17.259
WIA Dislocated	17.278

**NOTE B - 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, 2015. The basis of accounting is described in Note 2 to the Organization's financial statements.

**NOTE C - FINDINGS OF NONCOMPLIANCE**

There were no findings of noncompliance identified in connection with the 2015 Federal Single Audit.



**NOTE D – SUBRECIPIENTS**

The Organization provided federal awards to subrecipients as follows during the fiscal year ended June 30, 2015:

<b>Program Title</b>	<b>Federal CFDA#</b>	<b>Amount Provided</b>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 149,271
Trade Adjustment Assistance	17.245	97,619
WIA Cluster:		
WIA Adult Program	17.258	745,343
WIA Youth Activities	17.259	665,324
H1B - Technical Skills Training Grant	17.268	248,615
WIA - National Emergency Grants	17.277	1,744
WIA Dislocated Workers Formula Grants	17.278	852,990
WIA Cluster Subtotal		2,514,016
Temporary Assistance for Needy Families	93.558	1,020,873
Total		\$ 3,781,779
<b>Vendor</b>		<b>Amount Provided</b>
Goodwill Industries-Suncoast, Inc.		\$ 3,781,779



**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)  
Brooksville, 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, 2015, 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 March 15, 2016.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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*.

The Organization's response to the finding 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.

**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.

March 15, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Directors  
Pasco-Hernando Workforce Board, Inc.  
(d/b/a CareerSource Pasco Hernando)  
Brooksville, 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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the fiscal year ended June 30, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 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 each of its major federal programs for the fiscal year ended June 30, 2015.

## 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 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. 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 to be 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

March 15, 2016

**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, 2015**

**A. SUMMARY OF AUDIT RESULTS**

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

**Financial Statements**

Type of auditor's report issued: *Unmodified Opinion*

Material weakness(es) identified?	___ Yes	___ X No	
Significant deficiency (ies) identified not considered to be Material weakness?	___ Yes	___ X None	
Noncompliance material to financial statements noted?	___ Yes	___ X No	

**Federal Awards Programs**

Internal Control over major federal awards programs:			
Material weakness(es) identified?	___ Yes	___ X No	
Significant deficiency (ies) identified not considered to be Material weakness?	___ Yes	___ X None	

Type of auditor's report issued on compliance for major federal awards programs: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	___ Yes	___ X No	
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Identification of major federal awards programs:

<u>Federal Program</u>	<u>CFDA No.</u>
WIA Adult	17.258
WIA Youth	17.259
WIA Dislocated	17.278

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee for audit of federal awards program?	___ X Yes	___ No	
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**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, 2015**  
**(Continued)**

**B. CURRENT YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT**

Observation: While performing audit procedures noted that checks cut prior to the end of the fiscal year did not show up on the bank reconciliation as outstanding. These checks had been placed in a suspense status in the system and recorded as accounts payable. In addition, because of the suspense status the checks did not show up on any check register reports from the system. Further since the same individual performs the accounts payable and bank reconciliation procedures the missing checks were not noticed.

Recommendation: Based on staff size, we recommend that the Board either disable the suspense feature in the system or have someone other than the individual performing the accounts payable/bank reconciliation function approve all suspense items before they are posted to the system. In addition, there should be adequate documentation on the bank reconciliation of why items are being placed in suspense.

Management Response: The Sr. VP of Finance and Administration will approve all suspense items in the future and make an appropriate notation on the bank reconciliation as to why the items were placed in suspense.

**C. PRIOR YEAR FINDING – FINANCIAL STATEMENTS AUDIT**

2014-01 Paid Time Off Accrual:

Current Status: Recommendation has been implemented.

**D. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS**

None

**E. OTHER ISSUES**

No summary schedule of prior audit findings and corrective action plan is required because there were no prior audit findings related to federal award programs.