

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
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FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)
Brooksville, 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, 2018, 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.

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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, 2018, 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.

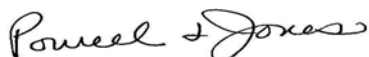
Other Matters

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. This 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 December 27, 2018, 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
December 27, 2018

FINANCIAL STATEMENTS

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current assets:	
Cash and cash equivalents	\$ 477,527
Grants receivable	450,808
Prepaid expenses	113,323
Deposits and other	<u>38,781</u>
Total current assets	<u>1,080,439</u>
Property and equipment, net	<u>7,127</u>
Total assets	<u><u>\$ 1,087,566</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Deferred grant revenue	\$ 50,539
Accounts payable	141,678
Contracts payable	315,680
Accrued wages and benefits	148,029
Accrued compensated absences	245,494
Due to grantor	<u>5,870</u>
Total current liabilities	<u>907,290</u>
Net assets:	
Property and equipment	7,127
Unrestricted	<u>167,199</u>
Total net assets	<u>180,276</u>
Total liabilities and net assets	<u><u>\$ 1,087,566</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, 2018

Revenues:	
Grant revenue	\$ 6,994,019
Other income	71,973
Total revenue	<u>7,065,992</u>
Expenses:	
Programs	6,245,959
Administrative	807,910
Total expenses	<u>7,053,869</u>
Change in net assets	12,123
Net assets, beginning of fiscal year	<u>168,153</u>
Net assets, end of fiscal year	<u><u>\$ 180,276</u></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, 2018

Cash flows from operating activities:	
Change in net assets	\$ 12,123
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	29,897
(Increase)/Decrease in:	
Accounts receivable	935
Grants receivable	133,684
Prepaid expense	(17,679)
Deposits and other	21,777
Increase /(Decrease) in:	
Accounts and contracts payable	(91,570)
Accrued wages and benefits	24,617
Accrued compensated absences	41,940
Deferred grant revenue	(158,310)
Due to grantor	442
Net cash used by operating activities	<u>(2,144)</u>
Total decrease in cash and cash equivalents	(2,144)
Cash and cash equivalents, beginning of year	479,671
Cash and cash equivalents, end of year	<u><u>\$ 477,527</u></u>

See notes to financial statements.

PASCO-HERNANDO WORKFORCE BOARD, INC.
(d/b/a CareerSource Pasco Hernando)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 are 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, 2018. 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, when applicable, 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, 2018. 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 2018, 2017, and 2016 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, 2018, the Organization had bank balances totaling \$477,527 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, 2018 were \$227,527.

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, 2018 was \$245,494.

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>2018</u>
WIOA-Adult	\$ 148,529
WIOA-Dislocated Workers	77,696
National Emergency	48,319
Reemployment & Eligibility Assessment	40,950
Trade Adjustment Assistance	12,355
Wagner Peyser	55,265
Local Veterans Employment Representative	2,178
Disabled Veterans Outreach Program	2,235
Unemployment Compensation	3,500
Leap-2	17,284
Welfare Transition	42,497
Total	<u>\$ 450,808</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>2018</u>
SNAP	\$ 20,761
WIOA Youth	29,778
Total Deferred Grant Revenue	<u>\$ 50,539</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

Asset	2018
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>(920,695)</u>
	<u>\$ 7,127</u>

Depreciation expense for the fiscal year ended June 30, 2018 was \$29,897.

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, 2018. 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, 2018, the Organization made matching contributions of \$88,925 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, 2018 was \$338,283, which is recorded net of sublease rental income of \$119,162. Minimum future annual lease payments under operating leases are as follows:

As Lessee:	
<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 304,638
2020	220,506
2021	74,167
2022	76,392
2023	76,392
Total	<u>\$ 752,095</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:	
<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 80,409
2020	81,775
Total	<u>\$ 162,184</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, 2018, 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, 2018 were \$ 20,000. There were no amounts payable to related parties at year end.

NOTE 11 - RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND THE STATEMENT OF ACTIVITIES TO SERA

As required, the Organization regularly reconciles its financial records to the Subrecipient Enterprise Resource Application (SERA) maintained by DEO. As of June 30, 2018, 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 SERA for the fiscal year ended June 30, 2018:

Expenditures/grant revenue	\$ 6,994,019
Funding directly obtained from the Federal government and other entities, not passed through the State SERA system	(222,279)
Amount reported in SERA	<u>\$ 6,771,740</u>

NOTE 12 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through December 27, 2018, the date the financial statements were available to be issued.

NOTE 13. DESCRIPTION OF PROGRAM SERVICES

The Organization had the following program services in the fiscal years ended June 30, 2018:

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.

National Emergency - Disaster grants provide funding to create temporary employment opportunities to assist with clean-up and recovery efforts, when an area impacted by disaster is declared eligible for public assistance by the Federal Emergency Management Agency (FEMA) or otherwise recognized by a Federal agency with authority or jurisdiction over Federal response to the emergency or disaster.

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, 2018:

WIOA Cluster	\$ 3,106,435
National Emergency	138,319
Wagner-Peyser	626,350
Unemployment Compensation	18,283
Reemployment Services and Eligibility Assessments	216,301
Trade Adjustment Assistance	81,889
Veterans' Programs	128,916
Supplemental Nutrition and Assistance Program	298,076
Welfare Transition/TANF	2,157,171
LEAP - 2	222,279
	<u>\$ 6,994,019</u>

NOTE 14. FAIR VALUE MEASUREMENTS

At June 30, 2018, 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 15. 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, 2018

<u>Federal Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>			
Supplemental Nutrition Assistance Program	FSF17	10.561	\$ 400
Supplemental Nutrition Assistance Program	FSH17	10.561	67,864
Supplemental Nutrition Assistance Program	FSH18	10.561	229,812
			<u>298,076</u>
<u>U.S. Department of Labor:</u>			
LEAP-2	PE-29754-16-60-A-12	17.270	<u>222,279</u>
Passed through the Florida Department of Economic Opportunity			
Workforce Innovation and Opportunity Act (WIOA) Cluster:			
WIOA Adult	WIA17	17.258	3,023
WIOA Adult	WIA18	17.258	1,374,344
WIA Performance Incentives	WIS16	17.258	10,640
WIOA Youth	WIY17	17.259	506,165
WIOA Youth	WIY18	17.259	570,222
WIA Performance Incentives	WIS16	17.259	10,640
WIOA Dislocated Worker	WID17	17.278	540,100
WIOA Dislocated Worker	WID18	17.278	77,114
WIA Performance Incentives	WIS16	17.278	14,187
Total WIOA Cluster			<u>3,106,435</u>
National Emergency	WNI18	17.277	<u>138,319</u>
Employment Services Cluster:			
Wagner Peyser	WPA17	17.207	80,430
Wagner Peyser	WPA18	17.207	491,044
Wagner Peyser Performance Incentives	WPB16	17.207	23,470
Wagner Peyser Cooperative Outreach Program	WPB18	17.207	31,406
Local Veterans Employment Representative Program	LVR17	17.804	19,671
Local Veterans Employment Representative Program	LVR18	17.804	38,678
Disabled Veterans' Outreach Program	DVP17	17.801	20,332
Disabled Veterans' Outreach Program	DVP18	17.801	50,235
Total Employment Services Cluster			<u>755,266</u>
Passed through the Florida Department of Economic Opportunity			
Unemployment Compensation:			
Reemployment and Eligibility Assessments	UCRE7	17.225	125,351
Reemployment and Eligibility Assessments	UCRE8	17.225	90,950
Unemployment Compensation	UCB17	17.225	7,783
Unemployment Compensation	UCB18	17.225	10,500
			<u>234,584</u>
Trade Adjustment Assistance:			
Trade Adjustment Assistance	TAT15	17.245	30,250
Trade Adjustment Assistance	TAA15	17.245	5,443
Trade Adjustment Assistance	TAT16	17.245	42,451
Trade Adjustment Assistance	TAA16	17.245	2,557
Trade Adjustment Assistance	TAA17	17.245	1,188
			<u>81,889</u>
Total U.S. Department of Labor			<u>4,538,772</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, 2018

<u>Federal Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Florida Department of Economic Opportunity			
Welfare Transition	WTS17	93.558	\$ 453,669
Welfare Transition	WTS18	93.558	<u>1,703,502</u>
Total U.S. Department of Health and Human Services			<u>2,157,171</u>
Total Federal Expenditures			<u>\$ 6,994,019</u>

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, 2018

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 2018, 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 2018 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, 2018. 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, 2018:

WIOA - Cluster:		
WIOA - Adult Program	17.258	\$ 175,480
WIOA - Youth Activities	17.259	863,730
WIOA - Dislocated Worker	17.278	70,445
National Emergency	17.277	137,757
Trade Adjustment Assistance	17.245	30,250
Leap 2	17.270	92,540
Total		<u><u>\$1,370,202</u></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)
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, 2018, 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 December 27, 2018.

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

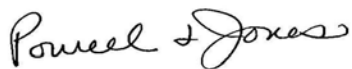
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with

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.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones
Certified Public Accountants
December 27, 2018

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)
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 Compliance Supplement that could have a direct and material effect on the Organization's major federal programs for the fiscal year ended June 30, 2018. 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, 2018.

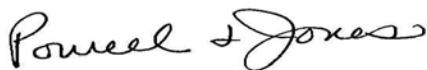
Report on Internal Control Over Compliance

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
December 27, 2018

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, 2018

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?	No
Significant deficiency(ies) identified not considered to be material weakness?	None
Noncompliance material to financial statements noted?	No

Federal Awards Programs

Internal control over major federal awards programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness?	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 the Uniform Guidance?	No

Identification of major federal awards programs:

<u>CFDA#</u>	<u>Federal Program</u>
10.561	<u>U.S. Department of Agriculture</u> Supplemental Nutrition Assistance Program
17.270	<u>U.S. Department of Labor</u> Leap - 2 Workforce Innovation and Opportunity Act (WIOA) Cluster
17.258	WIOA Adult
17.259	WIOA Youth
17.278	WIOA Dislocated Worker

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low risk auditee for audit of federal awards program?	No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Other Issues

No summary schedule of prior audit findings is required because there were no audit findings related to Federal Awards.

No corrective action plan is required because there were no findings required to be reported under the Federal Audit Act.

MANAGEMENT LETTER

Board of Directors
Pasco-Hernando Workforce Board, Inc.
(d/b/a CareerSource Pasco Hernando)
Brooksville, 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, 2018, and have issued our report thereon dated December 27, 2018.

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 December 27, 2018, should be considered in conjunction with this management letter.

Prior 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 service's 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.

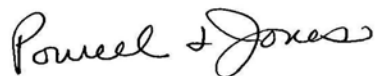
Status: Corrective action was taken and the finding is fully corrected

Current Year Findings:

There were no reportable findings in the current year.

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.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones
Certified Public Accountants
December 27, 2018