

**PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.**

FINANCIAL STATEMENTS

June 30, 2008 and 2007

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
Brooksville, Florida

FINANCIAL STATEMENTS
June 30, 2008 and 2007

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REPORT OF INDEPENDENT AUDITORS

To Board of Directors
Pasco Hernando Jobs and Education
Partnership Regional Board, Inc.
Brooksville, Florida

We have audited the accompanying statement of financial position of Pasco Hernando Jobs and Education Partnership Regional Board, Inc. as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Pasco Hernando Jobs and Education Partnership Regional Board, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Pasco Hernando Jobs and Education Partnership Regional Board, Inc. as of June 30, 2007, were audited by Carter, Belcourt & Atkinson, P.A., whose report dated September 11, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, 2008 the financial statements referred to above present fairly, in all material respects, the financial position of Pasco Hernando Jobs and Education Partnership Regional Board, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2008, on our consideration of Pasco Hernando Jobs and Education Partnership Regional Board, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our 2008 audit was conducted for the purpose of forming an opinion on the basic financial statements of Pasco Hernando Jobs and Education Partnership Regional Board, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Tampa, Florida
November 11, 2008

PASCO HERNANDO JOBS AND EDUCATION
 PARTNERSHIP REGIONAL BOARD, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash	\$ 67,620	\$ 619,025
Grants receivable	442,839	217,781
Prepaid expenses	<u>10,362</u>	<u>-</u>
Total current assets	520,821	836,806
Property and equipment (Note 6)	<u>480,288</u>	<u>557,393</u>
	<u>\$ 1,001,109</u>	<u>\$ 1,394,199</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 560,699	\$ 687,358
Deferred revenue	<u>45,282</u>	<u>230,165</u>
Total current liabilities	605,981	917,523
Commitments and contingency (Notes 4 and 5)		
Net assets, unrestricted	<u>395,128</u>	<u>476,676</u>
	<u>\$ 1,001,109</u>	<u>\$ 1,394,199</u>

See accompanying notes to financial statements.

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Unrestricted support and revenues		
Grants and contract revenues	\$ 5,925,161	\$ 6,153,470
Other income	<u>18,875</u>	<u>8,275</u>
Total unrestricted support and revenues	5,944,036	6,161,745
Expenses		
Program services	5,528,573	5,717,085
Management and general	<u>497,011</u>	<u>462,795</u>
Total expenses	<u>6,025,584</u>	<u>6,179,880</u>
Decrease in unrestricted net assets	(81,548)	(18,135)
Unrestricted net assets at beginning of year	<u>476,676</u>	<u>494,811</u>
Unrestricted net assets at end of year	<u>\$ 395,128</u>	<u>\$ 476,676</u>

See accompanying notes to financial statements.

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2008

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		
Contract services	\$ 1,865,480	\$ -	\$ -	\$ 1,865,480
Salaries and related expense	847,823	291,901	-	1,139,724
Tuition and financial assistance	816,364	-	-	816,364
Building rental	441,727	17,283	-	459,010
Depreciation	189,697	9,984	-	199,681
Utilities	155,228	9,603	-	164,831
Loss on disposal of assets	161,533	-	-	161,533
Training	45,238	11,090	-	56,328
Outreach	146,446	7,444	-	153,890
Small equipment and software	126,132	19,884	-	146,016
Contracted services	124,911	1,958	-	126,869
Professional services	56,371	57,723	-	114,094
Program supplies	180,899	4,127	-	185,026
Repairs and maintenance	71,717	4,562	-	76,279
Insurance	54,896	11,297	-	66,193
One stop operations	64,072	-	-	64,072
Travel	55,140	3,034	-	58,174
Printing and postage	36,976	18,953	-	55,929
Fees, insurance and tests	38,618	-	-	38,618
Meetings and conferences	17,929	10,408	-	28,337
Consulting	6,380	14,000	-	20,380
Employer services	20,307	21	-	20,328
Dues and subscriptions	4,689	3,739	-	8,428
	<u>\$ 5,528,573</u>	<u>\$ 497,011</u>	<u>\$ -</u>	<u>\$ 6,025,584</u>

See accompanying notes to financial statements.

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2007

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		
Contract services	\$ 2,549,531	\$ -	\$ -	\$ 2,549,531
Salaries and related expense	567,417	268,843	-	836,260
Tuition and financial assistance	567,625	410	-	568,035
Training	31,579	6,051	-	37,630
Building rental	372,942	9,717	-	382,659
Depreciation	197,915	10,417	-	208,332
Program supplies	609,384	5,504	-	614,888
Outreach	131,109	1,824	-	132,933
Utilities	108,803	15,225	-	124,028
Professional services	52,032	69,392	-	121,424
Small equipment and software	105,235	7,888	-	113,123
Contracted services	79,924	3,825	-	83,749
Repairs and maintenance	68,149	5,844	-	73,993
Insurance	45,092	5,857	-	50,949
One stop operations	47,277	65	-	47,342
Meetings and conferences	28,311	17,445	-	45,756
Printing and postage	38,089	4,240	-	42,329
Travel	34,940	6,245	-	41,185
Dues and subscriptions	34,383	4,769	-	39,152
Consulting	10,500	18,317	-	28,817
Fees, insurance and tests	23,876	-	-	23,876
Employer services	4,563	917	-	5,480
Loss on disposal of assets	8,409	-	-	8,409
	<u>\$ 5,717,085</u>	<u>\$ 462,795</u>	<u>\$ -</u>	<u>\$ 6,179,880</u>

See accompanying notes to financial statements.

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Decrease in net assets	\$ (81,548)	\$ (18,135)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	199,681	208,332
Increase in grants receivable	(225,057)	(141,855)
Increase (decrease) in deferred revenue	(184,883)	222,588
Increase in prepaids	(10,363)	-
Loss on disposal of assets	161,533	8,409
Increase(decrease) in accounts payable and accrued expenses	<u>(126,659)</u>	<u>30,294</u>
Net cash provided by operating activities	(267,296)	309,633
 Cash flows from investing activities		
Purchases of property and equipment	<u>(284,109)</u>	<u>(100,751)</u>
Net cash provided by operating activities	<u>(284,109)</u>	<u>(100,751)</u>
 Net change in cash	(551,405)	208,882
 Cash at beginning of year	<u>619,025</u>	<u>410,143</u>
 Cash at end of year	<u><u>\$ 67,620</u></u>	<u><u>\$ 619,025</u></u>

See accompanying notes to financial statements.

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity: The Pasco Hernando Jobs and Education Partnership Regional Board, Inc. (the Organization) is a not-for-profit entity organized to promote and enhance productive employment of individuals in the Florida Counties of Pasco and Hernando (Workforce Region 16) and fulfill the duties and responsibilities provided by the Workforce Florida Act of 1996. The Organization provides job training, job placement, and benefit services to the citizens of the two county region. The governing body of the Organization consists of board members who are appointed by state and local officials to oversee conformance with grant regulations. A substantial portion of the Organization's support and revenue is received from the Florida Agency For Workforce Innovation.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation: The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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. The Organization has no temporarily or permanently restricted net assets at June 30, 2008 and 2007.

Revenue Recognition: The Organization recognizes grants, contracts and contributions of cash or other assets as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction when a donor restriction expires, when a stipulated time restriction ends or purpose restriction is accomplished. A receivable is recognized by the Organization for grants or contracts to be received from the grantor or donor.

The Organization recognizes revenues from exchange transactions when the service is rendered. A receivable is recognized by the Organization for outstanding invoices.

The Organization considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

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

(Continued)

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment: Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment with costs greater than \$5,000. Depreciation is provided using the straight-line method over the estimated useful lives of assets.

Functional Expenses: The costs of providing various services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Costs that are directly related to the Organization's specific purpose has been recorded as a direct expense and included as program services. Certain costs have been allocated among program and supporting services. Benefit costs are allocated based on a percentage of direct costs.

Federal Income Tax: The Organization is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the accompanying financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in various bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe they are exposed to any significant credit risk on their cash accounts.

NOTE 3 - RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan for its employees who have attained 21 years of age. Voluntary employee contributions are allowed from eligible employees. The plan allows for a discretionary contribution. The contribution is determined annually by the Board of Directors. There were no discretionary contributions for the years ended June 30, 2008 and 2007.

(Continued)

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 4 - CONTINGENCY

The Organization is subject to federal 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 5 - OPERATING LEASES

The Organization leases office space under operating leases with varying terms through 2012. Some of the office lease options contain an escalation clause providing for annual increases in monthly rents. Under the terms of the leases, the Organization is generally responsible for insurance, repairs and maintenance costs. Lease expense under all operating leases for the years ended June 30, 2008 and 2007 were \$459,010 and \$389,702 which is recorded net of sublease rental income of \$174,322 and \$183,167, respectively. The following is a schedule by years of future minimum rentals under noncancellable leases at June 30, 2008.

Year ending June 30,	
2009	\$ 557,920
2010	392,576
2011	262,387
2012	<u>227,598</u>
	<u>\$ 1,440,481</u>

Minimum payments have not been reduced by minimum sublease rentals of \$553,484 due in the future under noncancellable subleases.

(Continued)

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2008</u>	<u>2007</u>
Computer equipment	\$ 149,555	\$ 705,854
Office furniture	99,387	290,789
Office equipment	215,009	228,845
Mobile One-Stop Center	294,932	155,794
Software	41,035	137,167
	<u>799,918</u>	<u>1,518,449</u>
Less accumulated depreciation	<u>319,630</u>	<u>961,056</u>
	<u>\$ 480,288</u>	<u>\$ 557,393</u>

Depreciation expense for the years ended June 30, 2008 and 2007 is \$199,681 and \$208,332, respectively.

NOTE 7 - RELATED PARTY TRANSACTIONS

Pasco Hernando Jobs and Education Partnership Regional Board, Inc.'s Board of Directors includes representatives of both the private and public sector industries. During the fiscal years ended June 30, 2008 and 2007, the Organization entered into several contracts with entities with which certain board members are associated for the purpose of providing services to participants. Total payments to these entities during the years ended June 30, 2008 and 2007 were \$216,414 and \$314,909, respectively.

SUPPLEMENTAL INFORMATION



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REPORT OF INDEPENDENT AUDITORS 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 Jobs and Education
Partnership Regional Board, Inc.
Brooksville, Florida

We have audited the financial statements of Pasco Hernando Jobs and Education Partnership Regional Board, Inc. (the Organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

(Continued)

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiencies described at items 08-1 and 08-2 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-1 to be a material weakness.

The Organization's responses to the significant deficiencies identified in our audit report are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on them.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Organization in a separate letter dated November 11, 2008.

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

November 11, 2008
Tampa, Florida



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REPORT OF INDEPENDENT AUDITORS ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Pasco Hernando Jobs and Education
Partnership Regional Board, Inc.
Brooksville, Florida

Compliance

We have audited the compliance of Pasco Hernando Jobs and Education Partnership Regional Board, Inc. (the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 (Compliance Supplement) that are applicable to each of its major federal programs for the year ended June 30, 2008. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on Pasco Hernando Jobs and Education Partnership Regional Board, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and audit guidance provided by the Agency for Workforce Innovation. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, Pasco Hernando Jobs and Education Partnership Regional Board, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

(Continued)

Internal Control Over Compliance

The management of Pasco Hernando Jobs and Education Partnership Regional Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-3 and 08-4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 08-3 to be material weaknesses.

The Organization's responses to the significant deficiencies identified in our audit report are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

November 11, 2008
Tampa, Florida

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended June 30, 2008

Federal Agency Pass-Through Entity <u>Federal Program</u>	CFDA <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Federal <u>Expenditures</u>
<u>FEDERAL AGENCY:</u>			
United States Department of Agriculture			
Passed through:			
State of Florida Agency for Workforce Innovation:			
Supplemental Nutrition Assistance Program	10.551		\$ <u>39,922</u>
Total U.S. Department of Agriculture			39,922
United States Department of Labor			
Passed through:			
State of Florida Agency for Workforce Innovation:			
Employer Service/Wagner Peyser Funded			
Activities:			
Wagner Peyser: PY05-06 Long Term Incentives	17.207		20,833
Wagner Peyser: PY05-06 Short Term Incentives	17.207		20,833
Wagner Peyser: PY06	17.207		89,216
Wagner Peyser: PY07	17.207		<u>345,890</u>
			476,772
Unemployment Insurance			
Reed Act	17.225		233,528
Trade Adjustment Assistance Program:	17.225		9,000
Training and administration			
Unemployment Compensation: Base	17.225		<u>92,808</u>
			335,336
WIA Adult Program:			
PY06 Adult Formula Funds	17.258		41,297
PY07 Adult Formula Funds	17.258		662,450
2005-2006 Long term incentives	17.258		1,666
2005-2006 Short term incentives	17.258		5,000
2006-2007 Short term incentives	17.258		1,880
PY06 CHOICE III Award	17.258		<u>37,959</u>
			750,252

(Continued)

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended June 30, 2008

Federal Agency Pass-Through Entity <u>Federal Program</u>	CFDA <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Federal <u>Expenditures</u>
WIA Youth Activities:			
PY 06 Youth Formula Funds	17.259		52,034
PY 07 Youth Formula Funds	17.259		370,097
PY 08 Youth Formula Funds	17.259		19,712
2005-2006 Long term incentives	17.259		1,667
2005-2006 Short term incentives	17.259		5,000
2006-2007 Short term incentives	17.259		1,880
PY06 CHOICE III Award	17.259		<u>37,959</u>
			488,349
WIA Dislocated Workers:			
PY06 Dislocated Worker Formula Funds	17.260		208,708
PY07 Dislocated Worker Formula Funds	17.260		293,708
2005-2006 Long term incentives	17.260		1,875
2005-2006 Short term incentives	17.260		5,625
2006-2007 Short term incentives	17.260		2,116
PY06 CHOICE III Award	17.260		<u>42,704</u>
			554,736
Disabled Veterans' Outreach Program:			
2006-2007 DVOP Veterans' Program	17.801		62,772
2006-2007 Veterans Incentives	17.801		<u>3,789</u>
			66,561
Local Veterans' Employment Representative Program:			
PY06 LVER 2006-2007 Veterans Program	17.804		<u>41,574</u>
			41,574
Work Incentives Grant:			
Disability Navigator Funds	17.266		<u>67,579</u>
			2,781,159
Department of Health and Human Services:			
Passed through:			
State of Florida Agency for Workforce Innovation:			
Temporary Assistance for Needy Families:			
PY08 Welfare Transition Formula Funds	93.558		2,681,964
TANF State Level Award- WIN	93.558		<u>234,675</u>
			2,916,639
Total Department of Health and Human Services			<u>2,916,639</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,737,720</u>

(Continued)

PASCO HERNANDO JOBS AND EDUCATION
 PARTNERSHIP REGIONAL BOARD, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 Year ended June 30, 2008

State Agency Pass-Through Entity <u>State Program</u>	CSFA <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	<u>State Expenditures</u>
<u>STATE AGENCY:</u>			
Agency for Workforce Innovation:			
Florida Rebuilds	75.010		\$ 106,898
Ready to Work Certification Program	75.018		<u>15,642</u>
Total Agency for Workforce Innovation			122,540
Florida Department of Education:			
Passed through:			
State of Florida Agency for Workforce Innovation:			
FL Ready to Work Credential - Business Outreach			
Outreach	48.106		<u>19,745</u>
Total Department of Education			<u>19,745</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 142,285</u>

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended June 30, 2008

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal awards and state financial assistance activity of Pasco Hernando Jobs and Education Partnership Regional Board, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

There were no noncash awards in the current year.

NOTE B - SUBRECIPIENTS

Pasco Hernando Jobs and Education Partnership Regional Board, Inc. provided federal awards to subrecipients as follows during the year ended June 30, 2008:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Employer Service/Wagner Peyser Funded		
Activities	17.207	\$ 229,814
WIA Adult Program	17.258	170,114
WIA Youth Activities	17.259	148,091
WIA Dislocated Workers	17.260	219,171
Temporary Assistance for Needy Families	93.558	<u>1,128,967</u>
		<u>\$ 1,896,157</u>

**NOTE C - RECONCILIATION OF FINANCIAL RECORDS TO THE ONE STOP
MANAGEMENT INFORMATION SYSTEM (OSMIS):**

The year-to-date grant expenditure totals reported in Pasco Hernando Jobs and Education Partnership Regional Board, Inc.'s financial statements agree to OSMIS report totals.

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency identified not considered to be material weakness	Yes
Noncompliance material to financial statements noted	None reported

FEDERAL AWARDS PROGRAM

Internal control over major programs:	
Material weakness identified	Yes
Significant deficiency identified not considered to be material weakness	Yes
Type of auditors' report issued on compliance for major programs	Unqualified
Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No
Identification of major programs:	

<u>Federal Program</u>	<u>CFDA No.</u>
Unemployment Insurance	17.225
Temporary Assistance for Needy Families (TANF)	93.558
Cluster:	
Employer Services/Wagner Peyser Funded Activities	17.207
Disable Veterans Outreach Program (DVOP)	17.801
Local Veterans Employment Representation (LVER) Program	17.804

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk	No

(Continued)

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2008

SECTION II - FINANCIAL STATEMENT AUDIT

Material Weakness

- 08-01: Inadequate controls over recording cash draw downs on grants
- Condition: The Organization incorrectly recorded cash draw downs received on grant agreements as deferred revenue.
- Criteria: Procedures should be in place to prevent or detect material misstatements in grant and contract revenues.
- Effect: Grants and contract revenues were materially understated.
- Recommendation: Internal control procedures that could be implemented could include a reconciliation procedure comparing cash draw downs to expenses incurred in the applicable program. This reconciliation procedure will detect when draw downs exceed expenses and indicate that revenues has not been earned and deferred revenue should be recorded.
- Response: The deferred revenue recorded at year-end was not adjusted for certain expenses accrued subsequent to performing the initial deferred revenue entry. Although not detected prior to the auditor's review, the oversight would have been detected by the Organization during its periodic review of Revenue and Expenditures by funding source. The Organization's controls over cash draw downs on grants are incorporated in weekly cash draw down procedures, as cash draw downs are based on an analysis of each grant's cash position to actual expenditures plus anticipated cash needs for the week. This will continue to be performed.

(Continued)

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2008

SECTION II - FINANCIAL STATEMENT AUDIT (Continued)

Significant Deficiency

08-02 Inadequate procedures for maintaining property records

Condition: The following deficiencies were noted in the Organization's procedures for maintaining property records:

- The Organization does not consistently document the procedures required to be followed when surplus assets are removed from service and disposed of. Although, the procedures may be followed, the processes are not being consistently documented. For example, we observed that the process to dispose of a copier was not properly documented at the time of the disposal; however, subsequent to the disposal, the Organization was able to recreate the documentation.
- The Organization maintains a property inventory listing which is used to take the physical inventory of property. This listing is a separate list from the depreciation schedule which is reconciled to and supports the general ledger property accounts. The total cost categories of the physical inventory list and the depreciation schedule have been reconciled; however, we have observed differences between the descriptions of assets within these two listings. The Organization has been able to reconcile the majority of the significant differences between the two listings.
- The Organization does not maintain its depreciation schedule internally; therefore, updates are only made at year end. This condition is why the Organization created a separate physical inventory listing.

Effect: Inconsistent documentation and the confusing and the complex record keeping process of maintaining two detail property listings increases this risk of fraud and also the risk that an error may not be detected in a timely manner.

(Continued)

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2008

SECTION II - FINANCIAL STATEMENT AUDIT (Continued)

Recommendation: Internal controls for maintaining property could be improved as follows:

- Procedures related to disposing of assets should be documented prior to the retirement of the asset; the procedures should be documented; the retirement procedures should be approved; and the documentation should be maintained in the asset file.
- The Organization should consider consolidating its property inventory listing and depreciation schedule records into one listing.
- The Organization should consider maintaining its depreciation schedule internally so property additions and disposals can be made to the subsidiary listing on a monthly basis.

Response: The Organization will ensure proper procedures for disposal of assets are followed and documentation of such is maintained in the asset file. The Organization adjusted the Fixed Assets Inventory and the general ledger for items below the capitalization threshold and, in the future, the Organization will be maintaining an internal system for calculating and tracking depreciation for fixed assets.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Material Weakness

08-03 Same as 08-01

Significant Deficiency

08-04 Same as 08-02

PASCO HERNANDO JOBS AND EDUCATION
PARTNERSHIP REGIONAL BOARD, INC.
CORRECTIVE ACTION PLAN
Year ended June 30, 2008

Auditor Reference

Number

- 08-3 The deferred revenue recorded at year-end was not adjusted for certain expenses accrued subsequent to performing the initial deferred revenue entry. Although not detected prior to the auditors' review, it would have been detected during the Organization's periodic review of revenue and expenditures by funding source. The Organization's controls over cash draw downs on grants are incorporated in weekly cash draw down procedures, as cash draw downs are based on an analysis of each grant's cash position to actual expenditures plus anticipated cash needs for the week. This will continue to be performed.
- 08-4 The Organization will ensure proper procedures for disposal of assets are followed and documentation of such is maintained in the asset file. The Organization adjusted the Fixed Assets Inventory and the general ledger for items below the capitalization threshold and, in the future, the Organization will be maintaining an internal system for calculating and tracking depreciation for fixed assets.

Name of Contact Person: Shirley Hammatt
 Director of Finance
 Pasco Hernando Jobs and Education Partnership
 Regional Board, Inc.

Date: December 2, 2008