

**WORKFORCE FLORIDA, INC.**  
**(A BLENDED COMPONENT UNIT  
OF THE STATE OF FLORIDA)**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**WORKFORCE FLORIDA, INC.**  
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**JAMES MOORE & CO., P.L.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors,  
Workforce Florida, Inc.:

We have audited the accompanying basic financial statements of the business-type activities of Workforce Florida, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, which collectively comprise Workforce Florida, Inc.'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of Workforce Florida, Inc.'s management. 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Workforce Florida, Inc., as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010 on our consideration of Workforce Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Workforce Florida, 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 Chapter 10.650, Rules of the State of Florida Office of the Auditor General, and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and State Financial Assistance 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.

James Moore & Co., P.L.C.

Tallahassee, Florida  
September 29, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010**

This discussion and analysis of Workforce Florida, Inc.'s ("Workforce Florida") financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2010. This analysis should be read in conjunction with independent auditors' report and the basic financial statements, which begin on page 7.

### **Financial Highlights**

- The assets of Workforce Florida exceeded its liabilities at the close of the most recent fiscal year by \$702,736 (net assets of \$671,007, which is unrestricted).
- Government assistance including pass-through grants accounted for \$10,464,153 (a .07% increase from the prior year) in revenue.
- Workforce Florida spent \$2,957,808 in general, administrative and payroll expenses (a 1% increase from prior year), \$1,361,884 on other program costs (an 8% increase from prior year), \$2,297,066 for Incumbent Worker Training programs and \$3,865,617 for Quick Response Training programs, a collective increase of 0.3% over the prior year.

### **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to Workforce Florida's basic financial statements. The basic financial statements are comprised of management's discussion and analysis, the statement of net assets, statement of revenues, expenses and changes in net assets, statement of cash flows, and notes that explain in more detail some of the information in the financial statements.

### **Required Basic Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Workforce Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Workforce Florida utilizes a proprietary fund for its financial reporting purposes. As Workforce Florida only presents its financial information using proprietary funds, under GASB 34, it is considered to be a "special purpose government engaged only in business-type activities." Accordingly, Workforce Florida only presents fund financial statements as defined by GASB 34.

The basic financial statements of Workforce Florida report information about Workforce Florida using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net assets includes all Workforce Florida's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Workforce Florida's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of Workforce Florida and assessing liquidity and financial flexibility of Workforce Florida.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**  
(Continued)

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net assets. This statement measures the success of Workforce Florida's operations over the past year and can be used to determine whether Workforce Florida has successfully recovered all of its current year costs through the services provided, as well as its profitability and credit worthiness.

The final required financial statement is the statement of cash flows. The primary purpose of the statement of cash flows is to provide information about Workforce Florida's cash receipts and payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and non-capital financing and financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The basic proprietary fund financial statements can be found on pages 7 - 9 of this report.

**Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10 - 16 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents a Schedule of Expenditures of Federal Awards and State Financial Assistance which can be found on pages 17 - 20. This schedule lists all federal and state grants awarded to the organization and their related expenditures for the fiscal year ended June 30, 2010.

**Fund Financial Analysis**

One of the most important questions asked about Workforce Florida's finances is, "Is Workforce Florida as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses, and changes in net assets report information about Workforce Florida's activities in a way that will help answer this question. These two statements report the net assets of Workforce Florida and changes in them during the last reporting period. You may think of Workforce Florida's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in Workforce Florida's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in interest rates, economic conditions, regulations and new or changed governmental legislation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**  
(Continued)

**Condensed Financial Statements**  
**Workforce Florida, Inc.'s Net Assets**

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 13,696,117	\$ 14,142,726
Capital assets	5,878	12,251
Total assets	<u>13,701,995</u>	<u>14,154,977</u>
Other liabilities	<u>12,999,259</u>	<u>13,444,973</u>
Net Assets:		
Invested in capital assets	5,878	12,251
Unrestricted	671,007	697,753
Restricted	25,851	-
Total net assets	<u>\$ 702,736</u>	<u>\$ 710,004</u>

**Workforce Florida, Inc.'s Changes in Net Assets**

	<u>2010</u>	<u>2009</u>
Revenues		
Governmental financial assistance	\$ 10,464,153	\$ 10,391,711
Other income	17,327	25,261
Total revenues	<u>10,481,480</u>	<u>10,416,972</u>
Expenses:		
Program services:		
Incumbent Worker Training	2,297,066	1,736,343
Quick Response Training	3,865,617	4,405,715
Other program costs	1,361,884	1,258,622
Total program services	<u>7,524,567</u>	<u>7,400,680</u>
Supporting services:		
General and administrative and payroll	2,957,808	2,917,365
Depreciation and other	6,373	7,945
Total supporting services	<u>2,964,181</u>	<u>2,925,310</u>
Total expenses	<u>10,488,748</u>	<u>10,325,990</u>
Increase (decrease) in net assets	(7,268)	90,982
Net assets, beginning of year	710,004	619,022
Net assets, end of year	<u>\$ 702,736</u>	<u>\$ 710,004</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

(Continued)

While the statement of net assets shows the change in financial position or net assets, a decrease of \$7,268 in fiscal year 2010, the statement of revenues, expenses, and changes in net assets provides answers as to the nature and sources of these changes. As can be seen in the changes in net assets, the increase in revenues resulted primarily from an increase in the level of governmental financial assistance used to support other program services including receipt of Federal Stimulus dollars. The increase in expenses resulted primarily from an increase in the expenditures for the Incumbent Worker Training program and other programs costs due to changes in the number of special projects as a result of increased funding.

### **Capital Asset Administration**

Workforce Florida's investment in capital assets as of June 30, 2010, amounts to \$5,878 (net of accumulated depreciation). Additional information on Workforce Florida's capital assets can be found in Note II.B. on page 14 of this report.

### **Economic Factors**

In accordance with Florida's landmark Workforce Innovation Act of 2000, Workforce Florida operates throughout the state as the primary workforce policy organization on behalf of the State of Florida. Workforce Florida accomplishes this by linking workforce and economic development strategies through business-driven initiatives and programs to ensure that Florida's workforce has the skills that will meet current and future business needs. Florida businesses cite workforce issues as one of the top three most important concerns, according to surveys undertaken by chambers of commerce and various business associations. This concern is consistent with national studies highlighting the difficulties of finding and keeping qualified workers. Additionally, the growing prominence of the technology and biotechnology sectors increases the need to produce skilled workers. Since Florida's economy is linked to both national and global economic markets which are impacted and driven by major changes and advancements in technology, the challenges facing Workforce Florida will never be completely accomplished and must be continuously adapted to meet these challenges from year to year. Workforce Florida also promotes an environment where Floridians have the opportunity to upgrade their education and skills to obtain jobs that lead to economic self sufficiency.

Funding for the Workforce Florida Board, its initiatives and operations, is derived from legislative appropriations from revenues collected by the State of Florida and Federal workforce training funds. In addition to funds for general operational costs of the Board and direct staff, Workforce Florida receives funding for two customized training programs – the Quick Response Training and Incumbent Worker Training programs.

### **Request for Information**

This financial report is designed to provide a general overview of Workforce Florida's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Workforce Florida, Inc., 1580 Waldo Palmer Lane, Suite 1, Tallahassee, Florida 32308.



**WORKFORCE FLORIDA, INC.**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 357,656
Grants and contracts receivable	662,362
Prepaid expenses	36,235
Restricted assets:	
Cash and cash equivalents	2,628,616
Investments	9,997,998
Total current assets	13,682,867
Noncurrent Assets:	
Capital assets, net	5,878
Other assets	13,250
Total noncurrent assets	19,128
<b>Total Assets</b>	<b>\$ 13,701,995</b>

**LIABILITIES**

Current Liabilities:	
Accounts payable and accrued liabilities	\$ 75,152
Due to Enterprise Florida, Inc.	5,500
Liabilities payable from restricted assets:	
Accounts payable	488,918
Due to grantor	168,268
Deferred revenue	11,969,428
Total current liabilities	12,707,266
Long-term Liabilities:	
Compensated absences	291,993
<b>Total Liabilities</b>	<b>12,999,259</b>

**NET ASSETS**

Unrestricted	671,007
Restricted for Florida Energy Consortium	25,851
Invested in capital assets	5,878
<b>Total Net Assets</b>	<b>\$ 702,736</b>

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

**WORKFORCE FLORIDA, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Revenues</b>	
Grants and contracts	\$ 10,464,153
Other income	17,327
Total revenues	10,481,480
<b>Expenses</b>	
Program services	
Incumbent Worker Training	2,297,066
Quick Response Training	3,865,617
Other program costs	1,361,884
Total program services	7,524,567
Supporting services	
General and administrative	674,082
Payroll and related benefits	2,283,726
Depreciation	6,373
Total supporting services	2,964,181
Total expenses	10,488,748
<b>Decrease in net assets</b>	(7,268)
<b>Net assets, beginning of year</b>	710,004
<b>Net assets, end of year</b>	\$ 702,736

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

**WORKFORCE FLORIDA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**Increase (decrease) in Cash and Cash Equivalents**

<b>Cash flows from operating activities:</b>	
Receipts from grantor agencies	\$ 10,164,387
Payments to grantees, suppliers and others	(8,051,470)
Payments to employees	(2,309,836)
Other receipts	17,327
Net cash used in operating activities	<u>(179,592)</u>
<b>Cash flows from investing activities</b>	
Purchases of investments, net	(8,312)
<b>Net decrease in cash and cash equivalents</b>	<u>(187,904)</u>
<b>Cash and cash equivalents, beginning of year</b>	3,174,176
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 2,986,272</u></u>
<b>Reconciliation of decrease in net assets to net cash used in operating activities:</b>	
Decrease in net assets	<u>\$ (7,268)</u>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	6,373
Decrease in grants and contracts receivable	266,911
Decrease in other assets	350
Increase in prepaid expenses	(244)
Increase in accounts payable and accrued liabilities	147,073
Decrease in deferred revenue	(566,677)
Decrease in compensated absences	(26,110)
Total adjustments	<u>(172,324)</u>
Net cash used in operating activities	<u><u>\$ (179,592)</u></u>

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

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**I. Summary of Significant Accounting Policies:**

**A. Reporting Entity**

Workforce Florida, Inc. (“Workforce Florida”) is a not-for-profit corporation created by Chapter 445 of the Florida Statutes. Chapter 2000-165, Laws of Florida, known as the Workforce Innovation Act of 2000, created the corporation, which became effective July 1, 2000. This corporation is required to be registered, incorporated, organized, and operated in compliance with Chapter 617, Florida Statutes, as a nonentity of State government.

Workforce Florida is the principal workforce policy organization and is administratively housed within the Agency for Workforce Innovation (“AWI”). Workforce Florida operates under a performance-based contract negotiated with AWI that defines the administrative roles and responsibilities for Federal and State workforce programs and initiatives.

Workforce Florida is governed by a Board of Directors (the “Board”), whose membership and appointment is determined by the Governor of the State of Florida and must be consistent with Public Law No. 105-220, Title I, section 111(b) since it serves as the State’s Workforce Investment Board pursuant to law.

Due to the nomination of the Board members by the Governor and the dependency of Workforce Florida on the state for operating grants, Workforce Florida is considered a blended component unit of the State of Florida and as such is included in the State of Florida’s financial statements.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the financial statements include all organizations, activities and functions that comprise Workforce Florida. Component units are legally separate entities for which Workforce Florida (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either (1) impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on Workforce Florida. Using these criteria Workforce Florida has no component units.

**Mission**

Workforce Florida is the principal workforce policy organization for the State and the twenty-four regional workforce boards. Its purpose is to design and implement strategies that help Florida residents enter, remain in, and advance in the workplace, becoming more highly skilled and successful, benefitting these Floridians, Florida businesses, and the entire State, and to assist in developing the State’s business climate.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Workforce Florida accounts for its financial resources as a proprietary type enterprise fund. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when the liability is incurred, regardless of the timing of the related cash flows.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**I. Summary of Significant Accounting Policies:** (Continued)

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

Workforce Florida complies with accounting principles generally accepted in the United States of America (GAAP). Workforce Florida's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private sector guidance for their enterprise funds, subject to the same limitations. Workforce Florida has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Workforce Florida's enterprise fund are operating grants and contributions.

Operating expenses for enterprise funds include the cost of direct program services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is Workforce Florida's policy to use restricted resources first.

**C. Assets, Liabilities and Net Assets**

1. *Deposits*

Workforce Florida's cash and cash equivalents are considered to be highly liquid financial instruments with an original maturity of three months or less at the time they are purchased.

2. *Investments*

Investing is performed in accordance with investing policies prescribed by State Statutes. Funds may be invested in (1) direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, (2) Florida State Board of Administration local government surplus trust fund, (3) collateralized or insured certificates of deposit and other evidence of deposits in financial institutions, and (4) guaranteed investment contracts.

Investments for Workforce Florida are reported at fair value.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**I. Summary of Significant Accounting Policies:** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

3. *Restricted Assets*

Restricted assets are those whose uses are limited by legal requirements. Restricted funds are advances received from AWI for pass-through grants to sub-recipients as well as funds received from outside parties for the Florida Energy Consortium.

4. *Grants and contracts receivable*

Substantially all of the grants and contracts receivable of Workforce Florida are due from the State of Florida Agency for Workforce Innovation. Management has concluded that realization losses on balances outstanding at year-end will be immaterial.

5. *Capital Assets*

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

Property and equipment with a value greater than \$5,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to seven years.

6. *Income Taxes*

Workforce Florida is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Workforce Florida is exempt from state income taxes on related income pursuant to Chapter 220.13 of the Florida Statutes. Therefore, no provision for income taxes has been made in the accompanying financial statements. As a charitable organization only unrelated business income, as defined by Section 509a (1) of the Code, is subject to federal income tax. Workforce Florida currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. Workforce Florida files income tax returns in the U.S. Workforce Florida is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2003. Workforce Florida has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**I. Summary of Significant Accounting Policies:** (Continued)

**C. Assets, Liabilities and Net Assets** (Continued)

7. *Compensated absences*

Workforce Florida has two distinct employee groups. The first employee group includes permanent full-time employees of Workforce Florida. The second group includes State of Florida employees assigned on a full-time basis to Workforce Florida. Workforce Florida pays the salary and benefits of the state employees assigned to its operations. The benefit and compensated absence policy is slightly different for the two groups as follows:

Permanent Full-Time Employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with Workforce Florida. Sick leave is accrued but generally only paid out at 25% of the accrued balance after ten years of service up to a stated maximum. However, the employment contract with the President stipulates that sick leave is paid in accordance with the employment contract.

State of Florida Employees assigned to Workforce Florida receive the same benefits, including compensated absences as State of Florida employees. Vacation accruals are accrued and become vested when earned. Sick leave is generally payable and is accrued at 25% of the leave amount accrued up to 240 or 480 hours maximum, depending on employment classification.

8. *Deferred Revenue*

Workforce Florida receives advanced funds from the State of Florida to administer the Quick Response Training ("QRT") program. Under this program, Workforce Florida awards funds to businesses that provide training to the businesses' employees via local community colleges and/or state universities. Workforce Florida defers the revenue relating to these programs until the earnings process is substantially complete, which Workforce Florida has determined occurs when the training has taken place and the college or business has submitted requests for reimbursement.

9. *Advertising*

Advertising costs are recorded in operations as incurred.

10. *Transferred Investment Income*

As a condition of its grants, all interest earned on funds advanced from the State of Florida is due and payable to the State of Florida. At June 30, 2010, Workforce Florida has a liability of \$3,109 of interest earned that is due to the State of Florida which is included in accrued liabilities in the statement of net assets.

**D. 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.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**II. Detailed Notes on all Funds:**

**A. Deposits and Investments**

*Deposits.* Florida Statutes provide for risk sharing collateral pools by banks and savings and loan associations. These pools collateralize local government deposits and certificates of deposit with participating depositories. Workforce Florida's demand deposits and money market accounts are placed in such authorized depositories.

Custodial credit risk for deposits is the risk that in the event of a bank failure, Workforce Florida's deposits may not be returned or Workforce Florida will not be able to recover collateral securities in the possession of an outside party. At June 30, 2010, the carrying amount of Workforce Florida's deposits was \$2,986,272 and the bank balances of Workforce Florida's deposits were \$3,350,321. The bank balances were insured up to federal deposit insurance corporation limits and the remainder was covered by pledged collateral as required by Florida Statutes. All collateral is pledged in Workforce Florida's name and is held by a third party financial institution.

*Investments.* At June 30, 2010, Workforce Florida's investments consisted of U.S. Treasury Bills for \$10,000,000, with \$6,000,000 maturing July 15, 2010 and \$4,000,000 maturing September 30, 2010.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for larger periods are subject to increased risk of adverse interest rate changes. It is Workforce Florida's policy to generally only purchase U.S. Treasury Bills.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of Workforce Florida's investment in a single issuer. Cumulatively, portfolios of Workforce Florida may not be invested in any given financial institution in excess of 5% of such institution's total assets. U.S. Government Securities are excluded from this restriction.

**B. Capital Assets**

The following is a summary of capital assets at June 30, 2010:

	<b>Balance June 30, 2009</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Balance June 30, 2010</b>
Leasehold improvements	\$ 7,365	\$ -	\$ -	\$ 7,365
Office furniture	16,149	-	-	16,149
Office equipment and computers	128,167	-	(56,480)	71,687
Total	<u>151,681</u>	<u>-</u>	<u>(56,480)</u>	<u>95,201</u>
Less accumulated depreciation:				
Leasehold improvements	(3,736)	(1,493)	-	(5,229)
Office furniture	(15,391)	(174)	-	(15,565)
Office equipment and computers	(120,303)	(4,706)	56,480	(68,529)
Total accumulated depreciation	<u>(139,430)</u>	<u>(6,373)</u>	<u>56,480</u>	<u>(89,323)</u>
Capital assets - net	<u>\$ 12,251</u>	<u>\$ (6,373)</u>	<u>\$ -</u>	<u>\$ 5,878</u>



**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**III. Other Information:**

***Related Party Transactions***

**Enterprise Florida, Inc.**

Workforce Florida entered into a memorandum of understanding with Enterprise Florida, Inc. ("EFI") effective March 1, 2006 which remains in effect until terminated by either party, whereby EFI provides general, administrative and accounting services on a monthly basis to Workforce Florida. Workforce Florida is to pay EFI \$5,500 per month under this agreement. The total amount included in expense for fiscal year ended June 30, 2010 was \$66,000.

Workforce Florida owed EFI \$5,500 at June 30, 2010 under this agreement. This amount is in the nature of a trade payable and is due on demand without interest.

**State of Florida Agency for Workforce Innovation**

Receivables of \$660,692 due from the State of Florida Agency for Workforce Innovation are included in grants and contracts receivable.

Federal and state program revenue received through Agency for Workforce Innovation for the year ended June 30, 2010 was \$10,464,153.

***Significant Funding Source***

Workforce Florida receives a substantial amount of its funding from the United States Department of Labor and the United States Department of Health and Human Services passed through the State of Florida Agency for Workforce Innovation and from the State of Florida Agency for Workforce Innovation. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on Workforce Florida's programs and activities.

***Risk Management***

Workforce Florida is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Workforce Florida has obtained insurance from commercial underwriters for the aforementioned risks, including workers compensation for the year ended June 30, 2010.

Workforce Florida has not paid any settlements in excess of insurance coverage for each of the past three years. Furthermore, Workforce Florida has no significant reduction in insurance coverage from the prior year.

***Employment Agreement***

Workforce Florida has entered into an employment agreement with the President of the Organization. The agreement calls for certain salary and benefits to be paid in the event of termination of employment. The initial term of the agreement was automatically extended for a subsequent two year term and will continue to be automatically extended for subsequent two year terms unless terminated in advance under the terms of the agreement.

**WORKFORCE FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**III. Other Information:** (Continued)

***Retirement Plan***

Workforce Florida participates in a defined contribution retirement plan (the “Plan”) covering all eligible employees (permanent, full-time employees of Workforce Florida). Employer contributions are determined at the discretion of the Board of Workforce Florida. Workforce Florida contributed a total of \$120,437 to the Plan and paid expenses related to the Plan amounting to \$5,590 during the year ended June 30, 2010. State of Florida employees assigned to Workforce Florida are covered under a retirement plan sponsored by the State of Florida.

***Operating Lease***

Workforce Florida leases office facilities and equipment under operating leases expiring in 2012. Future minimum rental payments under operating leases having remaining terms in excess of one year as of June 30, 2010, for each of the next five years and in the aggregate are:

<u>Year</u>	<u>Amount</u>
2011	\$ 176,813
2012	63,680
2013	5,776
2014	-
2015	-
	<u>\$ 246,269</u>

Rental expense under the terms of these leases totaled \$171,765 for the year ended June 30, 2010.

***Grants***

The grant revenue amounts received are subject to audit and adjustment by grantor agencies. If any expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of Workforce Florida. In the opinion of management, all grant expenses are in compliance with terms of the grant agreements and applicable federal and state laws and regulations.

**WORKFORCE FLORIDA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor /State Grantor/ Pass Through Grantor / Program Title	Award Period	Type	Federal CFDA Number	State CSFA Number	Expenditures
<b>Federal Awards</b>					
<b>United States Department of Labor</b>					
Passed through State of Florida Agency for Workforce Innovation					
Employment Service Wagner – Peyser Funded Activities	07/01/09 to 06/30/10	Operations/Special Projects	17.207	--	\$ 837,801
Disabled Veterans’ Outreach Program (DVOP)	07/01/09 to 06/30/10	Special Projects	17.801	--	28,500
Local Veterans’ Employment Representative (LVER) Program	07/01/09 to 06/30/10	Special Projects	17.804	--	21,500
					<u>887,801</u>
Passed through State of Florida Agency for Workforce Innovation					
WIA Adult Program	07/01/07 to 06/30/08	Incumbent Worker Training	17.258	--	19,113
WIA Adult Program	07/01/08 to 06/30/09	Incumbent Worker Training	17.258	--	294,413
WIA Adult Program	07/01/09 to 06/30/10	Incumbent Worker Training	17.258	--	142,463
ARRA - WIA Adult Program	07/01/07 to 06/30/08	ARRA - Incumbent Worker Training	ARRA- 17.258	--	115,659
ARRA - WIA Adult Program	07/01/09 to 06/30/10	ARRA – Operations	ARRA- 17.258	--	30,713
WIA Adult Program	07/01/09 to 06/30/10	Operations/Special Projects	17.258	--	495,040
WIA Youth Activities	07/01/07 to 06/30/08	Incumbent Worker Training	17.259	--	19,113
WIA Youth Activities	07/01/08 to 06/30/09	Incumbent Worker Training	17.259	--	294,413
WIA Youth Activities	07/01/09 to 06/30/09	Incumbent Worker Training	17.259	--	142,463

See accompanying note to schedule of expenditures of Federal awards and State Financial Assistance.

**WORKFORCE FLORIDA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(Continued)

Federal Grantor /State Grantor/ Pass Through Grantor / Program Title	Award Period	Type	Federal CFDA Number	State CSFA Number	Expenditures
<b>Federal Awards</b>					
<b>United States Department of Labor</b>					
Passed through State of Florida Agency for Workforce Innovation					
ARRA - WIA Youth Activities	07/01/09 to 06/30/10	ARRA - Incumbent Worker Training	ARRA- 17.259	--	247,840
ARRA - WIA Youth Activities	07/01/09 to 06/30/10	ARRA - Operations	ARRA- 17.259	--	65,813
WIA Youth Activities	07/01/09 to 06/30/10	Operations/Special Projects	17.259	--	492,273
WIA Dislocated Workers	07/01/07 to 06/30/08	Incumbent Worker Training	17.260	--	23,429
WIA Dislocated Workers	07/01/08 to 06/30/09	Incumbent Worker Training	17.260	--	360,893
WIA Dislocated Workers	07/01/09 to 06/30/10	Incumbent Worker Training	17.260	--	174,632
ARRA - WIA Dislocated Workers	07/01/08 to 06/30/09	ARRA - Incumbent Worker Training	ARRA- 17.260	--	462,635
WIA Dislocated Workers	07/01/09 to 06/30/10	Operations/Special Training	17.260	--	595,506
ARRA - WIA Dislocated Workers	07/01/08 to 06/30/09	ARRA - Operations	ARRA- 17.260	--	122,850
					<u>4,099,261</u>
<b>United States Department of Agriculture</b>					
Passed through State of Florida Agency for Workforce Innovation					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	07/01/09 to 06/30/10	Operations	10.561	--	<u>73,923</u>

See accompanying note to schedule of expenditures of Federal awards and State Financial Assistance.

**WORKFORCE FLORIDA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(Continued)

Federal Grantor /State Grantor/ Pass Through Grantor / Program Title	Award Period	Type	Federal CFDA Number	State CSFA Number	Expenditures
<b>Federal Awards</b>					
<b>United States Department of Health and Human Services</b>					
Passed through State of Florida Agency for Workforce Innovation					
Temporary Assistance for Needy Families	07/01/09 to 06/30/10	Operations/Special projects	93.558	--	1,031,128
<b>Total Federal Awards</b>					<u>6,092,113</u>
<b>State Financial Assistance</b>					
<b>State of Florida Agency for Workforce Innovation</b>					
Quick Response Training	07/01/09 to 06/30/10	Quick Response Training	--	75.017	187,044
Quick Response Training	07/01/08 to 06/30/09	Quick Response Training	--	75.017	3,482,209
Quick Response Training	07/01/07 to 06/30/08	Quick Response Training	--	75.017	196,364
					<u>3,865,617</u>
<b>Total State Financial Assistance</b>					<u>3,865,617</u>
<b>State General Revenue Awards</b>					
State of Florida Agency for Workforce Innovation		Operations	--	--	506,423
<b>Total Federal Awards, State Financial Assistance and State General Revenue Awards</b>					<u>\$ 10,464,153</u>

See accompanying note to schedule of expenditures of Federal awards and State Financial Assistance.

**WORKFORCE FLORIDA, INC.**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(Continued)

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State award activity of Workforce Florida, 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 and Chapter 10.650, Rules of the State of Florida Office of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**JAMES MOORE & CO., P.L.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors,  
Workforce Florida, Inc.:

We have audited the financial statements of Workforce Florida, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated September 29, 2010. 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 Workforce Florida, Inc.'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 Workforce Florida, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Workforce Florida, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

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

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

James Moore & Co., P.L.C.

Tallahassee, Florida  
September 29, 2010



**JAMES MOORE & CO., P.L.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM  
AND STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650,  
RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors,  
Workforce Florida, Inc.:

**Compliance**

We have audited the compliance of Workforce Florida, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the *State of Florida Department of Financial Services Compliance Supplement*, that could have a direct and material effect on each of Workforce Florida, Inc.'s major federal award programs and major state financial assistance projects for the year ended June 30, 2010. Workforce Florida, Inc.'s major federal award programs and major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal award programs and major state financial assistance projects is the responsibility of Workforce Florida, Inc.'s management. Our responsibility is to express an opinion on Workforce Florida, 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the State of Florida Office of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the State of Florida Office of the Auditor General, 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 award program or major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about Workforce Florida, Inc.'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 of Workforce Florida, Inc.'s compliance with those requirements.

In our opinion, Workforce Florida, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal award programs and major state financial assistance projects for the year ended June 30, 2010.

## Internal Control Over Compliance

Management of Workforce Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal award programs and state financial assistance projects. In planning and performing our audit, we considered Workforce Florida, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal award program or major state financial assistance project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the State of Florida Office of the Auditor General, 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 Workforce Florida'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 award program or state financial assistance project 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 award program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis.

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

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

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

Tallahassee, Florida  
September 29, 2010

**WORKFORCE FLORIDA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**  
**JUNE 30, 2010**

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

*Financial Statements*

Type of audit report issued on the financial statements: *Unqualified*  
 Internal control over financial reporting:  
     Material weakness(es) identified? \_\_\_\_\_ yes      X   no  
     Significant deficiencies identified? \_\_\_\_\_ yes      X   none reported  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Award Programs:*

Internal control over major Federal Award programs:  
     Material weakness(es) identified? \_\_\_\_\_ yes      X   no  
     Significant deficiencies identified? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major Federal programs: *Unqualified*

Any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133? No. \_\_\_\_\_ yes      X  

Identification of major Federal programs:

<b>Federal Award Program</b>	<b>Federal CFDA Number</b>
Temporary Assistance for Needy Families	93.558
WIA Adult Program	17.258*
ARRA WIA Adult Program	ARRA-17.258*
WIA Youth Activities	17.259*
ARRA WIA Youth Activities	ARRA-17.259*
WIA Dislocated Workers	17.260*
ARRA Dislocated Workers	ARRA-17.260*

\*Cluster of programs as identified by OMB Circular A-133.

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

Auditee qualified as a low risk auditee?   X   yes    \_\_\_\_\_ no



**JAMES MOORE & CO., P.L.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' MANAGEMENT LETTER IN ACCORDANCE WITH CHAPTER  
10.650, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Honorable Board of Directors,  
Workforce Florida, Inc.

We have audited the financial statements of Workforce Florida, Inc. as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated September 29, 2010

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Award Program and State Financial Assistance Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 29, 2010 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit no matters are required to be disclosed.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

Tallahassee, Florida  
September 29, 2010