

WORKFORCE FLORIDA, INC.
**(A BLENDED COMPONENT UNIT
OF THE STATE OF FLORIDA)**
FINANCIAL STATEMENTS
JUNE 30, 2012

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 financial statements of the business-type activities of Workforce Florida, Inc. as of and for the year ended June 30, 2012, 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 financial position of the business-type activities of Workforce Florida, Inc., as of June 30, 2012, and the 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 26, 2012 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 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 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 financial statements that collectively comprise Workforce Florida, Inc.'s basic financial statements 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 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 26, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. This analysis should be read in conjunction with the independent auditors' report (pages 1 – 2) 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 \$732,791 (net assets of \$682,347 are unrestricted).
- Government assistance, including pass-through grants, accounted for \$12,701,486 (a 1% increase from the prior year) in revenue.
- Workforce Florida spent \$3,056,231 in general, administrative and payroll expenses (a 3% increase from prior year), \$1,051,535 on other program costs (an 32% increase from prior year), \$3,946,583 for Incumbent Worker Training programs and \$4,656,505 for Quick Response Training programs, a collective decrease of 2% 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.

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 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 - 17 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 18 - 22. This schedule lists all Federal and state grants awarded to Workforce Florida and the related expenditures for the fiscal year ended June 30, 2012.

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.

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

| | 2012 | 2011 |
|-----------------------------------|-------------------|-------------------|
| Current and other assets | \$ 14,571,356 | \$ 12,555,963 |
| Capital assets | 238 | 1,233 |
| Total assets | <u>14,571,594</u> | <u>12,557,196</u> |
| Long-term liabilities outstanding | 331,905 | 244,580 |
| Other liabilities | 13,506,898 | 11,599,815 |
| Total liabilities | <u>13,838,803</u> | <u>11,844,395</u> |
| Net Assets: | | |
| Invested in capital assets | 238 | 1,233 |
| Unrestricted | 682,347 | 672,288 |
| Restricted | 50,206 | 39,280 |
| Total net assets | <u>\$ 732,791</u> | <u>\$ 712,801</u> |

Workforce Florida, Inc.'s Changes in Net Assets

| | 2012 | 2011 |
|--|-------------------|-------------------|
| Revenues | | |
| Grants and contracts | \$ 12,701,486 | \$ 12,516,791 |
| Other income | 30,353 | 22,450 |
| Total revenues | <u>12,731,839</u> | <u>12,539,241</u> |
| Expenses: | | |
| Program services: | | |
| Incumbent Worker Training | 3,946,583 | 3,865,382 |
| Quick Response Training | 4,656,505 | 4,892,238 |
| Other program costs | 1,051,535 | 794,380 |
| Total program services | <u>9,654,623</u> | <u>9,552,000</u> |
| Supporting services: | | |
| General and administrative and payroll | 3,056,231 | 2,972,530 |
| Depreciation | 995 | 4,646 |
| Total supporting services | <u>3,057,226</u> | <u>2,977,176</u> |
| Total expenses | <u>12,711,849</u> | <u>12,529,176</u> |
| Increase in net assets | 19,990 | 10,065 |
| Net assets, beginning of year | 712,801 | 702,736 |
| Net assets, end of year | <u>\$ 732,791</u> | <u>\$ 712,801</u> |

While the statement of net assets shows the change in net assets as an increase of \$19,990 in fiscal year 2012, 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 expansion of awards funded through state discretionary funds; likewise, the increase in expenses is directly attributable to increased costs recorded for those awards.

Capital Asset Administration

Workforce Florida's investment in capital assets as of June 30, 2012, amounts to \$238 (net of accumulated depreciation). Additional information on Workforce Florida's capital assets can be found in Note II.B. on page 15 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 continue to cite workforce issues as their most important concern, 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 Workforce Florida, 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, 2012

ASSETS

| | |
|---------------------------------|----------------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 573,487 |
| Grants and contracts receivable | 1,547,041 |
| Prepaid expenses | 29,787 |
| Restricted assets: | |
| Cash and cash equivalents | 2,413,031 |
| Investments | 9,994,760 |
| Total current assets | 14,558,106 |
| Noncurrent Assets: | |
| Capital assets, net | 238 |
| Other assets | 13,250 |
| Total noncurrent assets | 13,488 |
| Total Assets | \$ 14,571,594 |

LIABILITIES

| | |
|---|-------------------|
| Current Liabilities: | |
| Accounts payable and accrued liabilities | \$ 1,131,102 |
| Due to Enterprise Florida, Inc. | 5,500 |
| Due to grantor | 12,711 |
| Liabilities payable from restricted assets: | |
| Accounts payable | 636,901 |
| Deferred revenue | 11,720,684 |
| Total current liabilities | 13,506,898 |
| Long-term Liabilities: | |
| Compensated absences | 331,905 |
| Total Liabilities | 13,838,803 |

NET ASSETS

| | |
|--|-------------------|
| Unrestricted | 682,347 |
| Restricted for Florida Energy Workforce Consortium | 50,206 |
| Invested in capital assets | 238 |
| Total Net Assets | \$ 732,791 |

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, 2012

| | |
|---------------------------------------|--------------------------|
| Revenues | |
| Grants and contracts | \$ 12,701,486 |
| Other income | 30,353 |
| Total revenues | <u>12,731,839</u> |
| Expenses | |
| Program services: | |
| Incumbent Worker Training | 3,946,583 |
| Quick Response Training | 4,656,505 |
| Other program costs | 1,051,535 |
| Total program services | <u>9,654,623</u> |
| Supporting services: | |
| General and administrative | 637,260 |
| Payroll and related benefits | 2,418,971 |
| Depreciation | 995 |
| Total supporting services | <u>3,057,226</u> |
| Total expenses | <u>12,711,849</u> |
| Increase in net assets | <u>19,990</u> |
| Net assets , beginning of year | 712,801 |
| Net assets , end of year | <u><u>\$ 732,791</u></u> |

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, 2012
Increase (decrease) in Cash and Cash Equivalents

| | |
|---|----------------------------|
| Cash flows from operating activities: | |
| Receipts from grantor agencies | \$ 13,573,456 |
| Payments to grantees, suppliers and others | (9,729,016) |
| Payments to employees | (2,330,550) |
| Other receipts | 30,353 |
| Net cash provided by operating activities | <u>1,544,243</u> |
| Cash flows from investing activities | |
| Redemptions of investments | 20,000,000 |
| Purchases of investments | (19,997,914) |
| Net cash provided by investing activities | <u>2,086</u> |
| Net increase in cash and cash equivalents | <u>1,546,329</u> |
| Cash and cash equivalents, beginning of year | 1,440,189 |
| Cash and cash equivalents, end of year | <u><u>\$ 2,986,518</u></u> |
| Reconciliation of increase in net assets to net cash provided by operating activities: | |
| Increase in net assets | <u>\$ 19,990</u> |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 995 |
| Increase in grants and contracts receivable | (484,235) |
| Decrease in prepaid expenses | 13,085 |
| Increase in accounts payable and accrued liabilities | 550,878 |
| Increase in due to grantor | 12,711 |
| Increase in deferred revenue | 1,343,494 |
| Increase in compensated absences | 87,325 |
| Total adjustments | <u>1,524,253</u> |
| Net cash provided by operating activities | <u><u>\$ 1,544,243</u></u> |

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

WORKFORCE FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 Department of Economic Opportunity (“DEO”). Workforce Florida operates under a performance-based contract negotiated with DEO 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, 2012

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. State statutes authorize Workforce Florida to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating, and interest bearing time deposits or savings accounts in qualified public depositories.

Investments for Workforce Florida are reported at fair value.

WORKFORCE FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 DEO for pass-through grants to sub-recipients as well as funds received from outside parties for the Florida Energy Workforce Consortium.

4. *Grants and contracts receivable*

Substantially all of the grants and contracts receivable of Workforce Florida are due from the State of Florida, Department of Economic Opportunity. Management has concluded that realization of 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. Federal jurisdiction. Workforce Florida's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

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, 2012

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. Workforce Florida employee's annual leave balances in excess of 360 hours will be transferred to sick leave on a hour-for-hour basis. 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, 2012, Workforce Florida has a liability of \$471 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, 2012

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 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, 2012, the carrying amount of Workforce Florida's deposits was \$2,986,518 and the bank balances of Workforce Florida's deposits were \$3,307,496. The bank balances were insured up to Federal deposit insurance corporation limits or by collateral held by Workforce Florida's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral.

Investments. At June 30, 2012, Workforce Florida's investments consisted of U.S. Treasury Bills for \$10,000,000, with \$4,000,000 maturing September 20, 2012 and \$6,000,000 maturing December 27, 2012.

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.

WORKFORCE FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

II. Detailed Notes on all Funds: (Continued)

B. Capital Assets

The following is a summary of capital assets at June 30, 2012:

| | Balance July 1, 2011 | Additions | (Deletions) | Balance June 30, 2012 |
|--------------------------------|-------------------------------------|------------------|--------------------|--------------------------------------|
| Leasehold improvements | \$ 7,365 | \$ - | \$ - | \$ 7,365 |
| Office furniture | 16,149 | - | - | 16,149 |
| Office equipment and computers | 71,687 | - | (8,624) | 63,063 |
| Total | <u>95,201</u> | <u>-</u> | <u>(8,624)</u> | <u>86,577</u> |
| Less accumulated depreciation: | | | | |
| Leasehold improvements | (6,722) | (643) | - | (7,365) |
| Office furniture | (15,738) | (173) | - | (15,911) |
| Office equipment and computers | (71,508) | (179) | 8,624 | (63,063) |
| Total accumulated depreciation | <u>(93,968)</u> | <u>(995)</u> | <u>8,624</u> | <u>(86,339)</u> |
| Capital assets, net | <u>\$ 1,233</u> | <u>\$ (995)</u> | <u>\$ -</u> | <u>\$ 238</u> |

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 the fiscal year ended June 30, 2012 was \$66,000.

Workforce Florida owed EFI \$5,500 at June 30, 2012 under this agreement. This amount is in the nature of a trade payable and is due on demand without interest.

State of Florida Department of Economic Opportunity

Receivables of \$1,538,301 due from the State of Florida, Department of Economic Opportunity are included in grants and contracts receivable. Federal and state program revenue received through the State of Florida, Department of Economic Opportunity for the year ended June 30, 2012 was \$12,674,789.

Other

Certain board members provide services either directly or indirectly to Workforce Florida, Inc. Amounts paid and payable to grant sub-recipients were \$143,790 and \$31,227, respectively.

WORKFORCE FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

III. Other Information: (Continued)

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, Department of Economic Opportunity, and from the State of Florida Department of Economic Opportunity directly. 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, 2012.

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.

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 \$126,087 to the Plan. There were no expenses for the Plan paid for by Workforce Florida during the year ended June 30, 2012. State of Florida employees assigned to Workforce Florida are covered under a retirement plan sponsored by the State of Florida.

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.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

III. Other Information: (Continued)

Operating Lease

Workforce Florida leases office facilities and equipment under operating leases expiring in 2017. Future minimum rental payments under operating leases having remaining terms in excess of one year as of June 30, 2012, for each of the next five years and in the aggregate are:

| <u>Year</u> | <u>Amount</u> |
|-------------|-------------------|
| 2013 | \$ 169,877 |
| 2014 | 169,877 |
| 2015 | 167,950 |
| 2016 | 163,716 |
| 2017 | 54,530 |
| | <u>\$ 725,950</u> |

Rental expense under the terms of these leases totaled \$172,747 for the year ended June 30, 2012.

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements*, effective for Workforce Florida's fiscal year beginning October 1, 2012. The objective of Statement No. 61 is to improve financial reporting for a governmental financial entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. Workforce Florida is currently evaluating the effect this Statement will have on its financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for Workforce Florida's fiscal year beginning October 1, 2012. The objective of Statement No. 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1. Financial Accounting Standards Board (FASB) Statements and Interpretations, 2. Accounting Principles Board Opinions and 3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Workforce Florida is currently evaluating the effect this Statement will have on its financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for Workforce Florida's fiscal year beginning October 1, 2012. The objective of Statement No. 63 is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. Workforce Florida is currently evaluating the effect this Statement will have on its financial statements.

WORKFORCE FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

| Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title | Award Period | Type | Federal CFDA Number | State CFSA Number | Grant Number | Expenditures |
|--|-------------------|-----------------------------|---------------------------|-------------------------|-----------------|------------------|
| FEDERAL AWARDS | | | | | | |
| U. S. Department of Labor | | | | | | |
| Passed through State of Florida, Department of Economic Opportunity | | | | | | |
| Employment Service/Wagner – Peyser Funded Activities | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.207 | -- | WPA11 | \$ 30,000 |
| Employment Service/Wagner – Peyser Funded Activities | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.207 | -- | WPA12 | 198,215 |
| Employment Service/Wagner – Peyser Funded Activities | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.207 | -- | WPB10 | 271,248 |
| Employment Service/Wagner – Peyser Funded Activities | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.207 | -- | WPB11 | 169,791 |
| Employment Service/Wagner – Peyser Funded Activities | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.207 | -- | WPB12 | 424,198 |
| | | | | | | <u>1,093,452</u> |
| Passed through State of Florida, Department of Education | | | | | | |
| Incentive Grants - WIA Section 503 | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.267 | -- | -- | <u>26,697</u> |
| Passed through State of Florida, Department of Economic Opportunity | | | | | | |
| WIA Adult Program | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.258 | -- | WIS10 | 27,742 |
| WIA Adult Program | 7/1/11 to 6/30/12 | Incumbent Worker Training | 17.258 | -- | WIS10 | 87,436 |
| WIA Adult Program | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.258 | -- | WIS11 | 65,015 |
| WIA Adult Program | 7/1/11 to 6/30/12 | Incumbent Worker Training | 17.258 | -- | WIS11 | 1,232,885 |

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, 2012
(Continued)

| Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title | Award Period | Type | Federal CFDA Number | State CFSA Number | Contract Number | Expenditures |
|--|-------------------|-----------------------------|---------------------------|-------------------------|--------------------|--------------|
| FEDERAL AWARDS (Continued) | | | | | | |
| U. S. Department of Labor | | | | | | |
| Passed through State of Florida, Department of Economic Opportunity | | | | | | |
| WIA Youth Activities | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.259 | -- | WIS10 | 27,332 |
| WIA Youth Activities | 7/1/11 to 6/30/12 | Incumbent Worker Training | 17.259 | -- | WIS10 | 84,333 |
| WIA Youth Activities | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.259 | -- | WIS11 | 62,367 |
| WIA Youth Activities | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.259 | -- | WIS12 | 1,210,659 |
| Passed through State of Florida, Department of Economic Opportunity | | | | | | |
| WIA Dislocated Workers | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.260 | -- | WIS10 | 63,156 |
| WIA Dislocated Workers | 7/1/11 to 6/30/12 | Incumbent Worker Training | 17.260 | -- | WIS10 | 194,460 |
| Passed through State of Florida, Department of Economic Opportunity | | | | | | |
| WIA Dislocated Worker Formula Grants | 7/1/11 to 6/30/12 | Operations/Special Projects | 17.278 | -- | WIS11 | 122,514 |
| WIA Dislocated Worker Formula Grants | 7/1/11 to 6/30/12 | Incumbent Worker Training | 17.278 | -- | WIS11 | 2,325,688 |
| | | | | | | 5,503,587 |

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, 2012
(Continued)

| Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title | Award Period | Type | Federal CFDA Number | State CFSA Number | Contract Number | Expenditures |
|--|-------------------|-----------------------------|---------------------------|-------------------------|--------------------|---------------------|
| FEDERAL AWARDS (Continued) | | | | | | |
| U. S. Department of Agriculture | | | | | | |
| Passed through State of Florida, Department of Economic Opportunity | | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 7/1/11 to 6/30/12 | Operations/Special Projects | 10.561 | -- | FSH11 | 16,067 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 7/1/11 to 6/30/12 | Operations/Special Projects | 10.561 | -- | FSH12 | 49,642 |
| | | | | | | <u>65,709</u> |
| U. S. Department of Health and Human Services | | | | | | |
| Passed through State of Florida, Department of Economic Opportunity | | | | | | |
| Temporary Assistance for Needy Families | 7/1/11 to 6/30/12 | Operations/Special Projects | 93.558 | -- | WTS11 | 260,983 |
| Temporary Assistance for Needy Families | 7/1/11 to 6/30/12 | Operations/Special Projects | 93.558 | -- | WTS12 | 562,469 |
| | | | | | | <u>823,452</u> |
| TOTAL FEDERAL AWARDS | | | | | | <u>\$ 7,512,897</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, 2012
(Continued)

| Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title | Award Period | Type | Federal CFDA Number | State CFSA Number | Contract Number | Expenditures |
|--|-------------------|-------------------------|---------------------------|-------------------------|--------------------|-----------------------------|
| STATE FINANCIAL ASSISTANCE | | | | | | |
| State of Florida, Department of Economic Opportunity | | | | | | |
| Quick Response Training | 7/1/10 to 6/30/11 | Quick Response Training | -- | 40.026 | -- | \$ 4,656,506 |
| Quick Response Training | 7/1/11 to 6/30/12 | Quick Response Training | -- | 40.026 | -- | - |
| | | | | | | <u>4,656,506</u> |
| State Trust Fund Awards | | | | | | |
| State of Florida, Department of Economic Opportunity | 7/1/11 to 6/30/12 | Operations | -- | -- | -- | 532,084 |
| TOTAL STATE FINANCIAL ASSISTANCE | | | | | | <u>5,188,590</u> |
| TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE | | | | | | <u><u>\$ 12,701,487</u></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, 2012

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 the business-type activities of Workforce Florida, Inc. as of and for the year ended June 30, 2012, which collectively comprise Workforce Florida, Inc.'s basic financial statements and have issued our report thereon dated September 26, 2012. 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

Management of Workforce Florida, Inc. is responsible for establishing and maintaining effective 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 opinions 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*.

Pursuant to Chapter 119, Florida Statutes, this report 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 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 26, 2012

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR FEDERAL PROGRAM AND STATE 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 Workforce Florida, Inc.'s compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *State of Florida State Project 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, 2012. Workforce Florida, Inc.'s major Federal programs and major state 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 programs and major state 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 program or major state 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 programs and major state projects for the year ended June 30, 2012.

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 programs and state 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 program or major state project 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 Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or state 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 program or state 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.

Pursuant to Chapter 119, Florida Statutes, this report 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 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 26, 2012

WORKFORCE FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
JUNE 30, 2012

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 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? yes X no

Identification of major Federal programs:

| Federal Award Program | Federal CFDA Number |
|--------------------------------------|----------------------------|
| WIA Adult Program | 17.258* |
| WIA Youth Activities | 17.259* |
| WIA Dislocated Workers | 17.260* |
| WIA Dislocated Worker Formula Grants | 17.278* |

*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

**WORKFORCE FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
JUNE 30, 2012
(Continued)**

I. Summary of Auditors' Results: (Continued)

State Financial Assistance Projects:

Internal control over major State Projects:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified? ___ yes X none reported

Types of auditor's report issued on compliance for major State Financial Assistance projects: *Unqualified*

Any audit findings that are required to be reported in accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General? ___ yes X no

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

Identification of major State projects:

| State Financial Assistance Project | State CSFA Number |
|------------------------------------|-------------------|
| Quick Response Training | 40.026 |

II. Financial Statement Findings: None.

III. Federal Award Findings and Questioned Costs: None.

IV. State Financial Assistance Projects Findings and Questioned Costs: None.

V. Summary schedule of prior year findings – major Federal award programs audit: No prior year findings.

VI. Summary schedule of prior year findings – major State financial assistance projects audit: No prior year findings.

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 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, 2012, and have issued our report thereon dated September 26, 2012.

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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 26, 2012 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, that have occurred, or are likely to have occurred, (2) Deficiencies in internal control 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 26, 2012